

ORIGINAL NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

2009 OCT 16 P 4: 46

COMMISSIONERS

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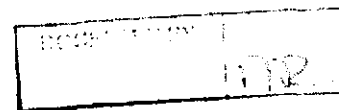
E-04100A-09-0496

IN THE MATTER OF THE APPLICATION OF
SOUTHWEST TRANSMISSION COOPERATIVE,
INC. FOR A HEARING TO DETERMINE THE
FAIR VALUE OF ITS PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A JUST AND
REASONABLE RETURN THEREON AND TO
APPROVE RATES DESIGNED TO DEVELOP
SUCH RETURN

Docket No. E-04100A-09-_____

APPLICATION Arizona Corporation Commission
DOCKETED

OCT 16 2009



Southwest Transmission Cooperative, Inc. ("SWTC"), by and through its undersigned
attorneys, in support of its Application for new rates to take effect January 1, 2011, states as
follows:

1. SWTC is a non-profit electric transmission cooperative. Its primary mission is to
supply transmission service to its Class A and B Members. In turn, the Class A Member
distribution cooperatives provide electricity to their retail member owners who are located
primarily in rural areas of Arizona.

2. SWTC's 13-member Board of Directors oversees all aspects of its operations.
Twelve members of its Board represent SWTC's six Class A Member distribution cooperatives.
The remaining Board member represents the Arizona Electric Power Cooperative, Inc. and Sierra
Southwest Cooperative Services, Inc., which are Class B members of SWTC. SWTC's Board
has authorized the filing of this rate application.

1 3. As a transmitting utility under the Federal Power Act, SWTC is also subject to
2 certain FERC jurisdiction. In order to meet the reciprocity requirements of Order 888, SWTC
3 maintains an Open Access Transmission Tariff.

4 4. Pursuant to the requirements of A.A.C. R14-2-103, submitted herewith and
5 incorporated herein are the detailed filing requirements Schedules (the "Schedules") for the test
6 year ending March 31, 2009. Also submitted are the Direct Testimonies of Messrs. Minson,
7 Pierson and Zarnikau in support of the Application.

8 5. On an adjusted basis, SWTC suffered a margin loss of approximately \$4.8 million
9 in the 2008-2009 test year. In summary, the Schedules and Testimony support SWTC's need
10 and request for an overall revenue increase of approximately \$7.65 million. This increase is
11 designed to produce a net margin of \$2.823 million, a Times Interest Earned Ratio of 1.56 and a
12 Debt Service Coverage Ratio of 1.35.

13 6. The primary reason behind the need for rate relief is SWTC's substantial revenue
14 losses as a result of the termination, reduction or expiration of several point-to-point transmission
15 service contracts. Collectively, SWTC either has already lost or will lose by January 1, 2011
16 about \$8.6 million in point-to-point transmission revenues. To place that loss in context, that is
17 almost one-quarter or about 24% of SWTC's total current annual revenues.

18 7. The impact of this requested wholesale transmission rate increase on the retail
19 consumer is difficult to estimate because SWTC's members have different retail rates and
20 structures. In general, however, transmission costs account for approximately 10% of the end-
21 user rate cost of service. Based on that general experience, SWTC estimates a monthly bill
22 impact of roughly \$4.60 for a retail user of 1000 kWh in relation to this rate request.

8. As to rates, SWTC requests that the Commission approve all rates, including (a) the Network Services Rate's monthly revenue requirement of \$2,247,574; (b) the Point-to-Point Services Rate of \$3.709/kW month; and (c) a System Control and Load Dispatch Rate of \$0.245/kW month. The requested effective date for new rates is not until January 1, 2011.

9. Finally, in compliance with Finding of Fact 45 in Decision No. 68072, SWTC provides the costs for ancillary services, broken down by FERC-defined types of ancillary service, in Schedule G-2A, pages 2-14 of the Schedules. A breakdown of DAF cost allocations and the associated charges for transmission construction, by distribution cooperative, is attached as Exhibit A. Trico is the only distribution cooperative which has DAFs.

Having fully stated its Application, SWTC requests that the Commission enter its Order:

1. Approving revised rates effective January 1, 2011; and

2. Granting SWTC such other and further relief as it deems appropriate under the premises.

RESPECTFULLY SUBMITTED this 16th day of October, 2009.

GALLAGHER & KENNEDY, P.A.

By Michael M. Grant
Michael M. Grant
Jennifer A. Ratcliff
2575 East Camelback Road
Phoenix, Arizona 85016-9225
Attorneys for Southwest Transmission
Cooperative, Inc.

1 **Original and 13 copies** of this
Application, Schedules and Direct
2 Testimony filed this 16th day of
October, 2009, with:
3
Docket Control
4 Arizona Corporation Commission
1200 West Washington Street
5 Phoenix, Arizona 85007
6 **Copies** of this Application and
Direct Testimony hand delivered
7 this 16th day of October, 2009, to:
8 Commissioner Kristin K. Mayes, Chairman
Arizona Corporation Commission
9 1200 West Washington Street
Phoenix, Arizona 85007
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Commissioner Gary Pierce
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1 **Copies** of this Application, Schedules
and Direct Testimony delivered this
2 16th day of October, 2009, to:

3 Nancy Scott
Utilities Division
4 Arizona Corporation Commission
1200 West Washington Street
5 Phoenix, Arizona 85007

6 Barbara Keene
Utilities Division
7 Arizona Corporation Commission
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8 Phoenix, Arizona 85007

9 **Copies** of this Application, Schedules
and Direct Testimony mailed this
10 16th day of October, 2009, to:

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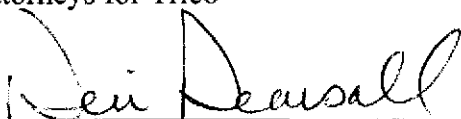
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EXHIBIT A

DIRECT ASSIGNMENT FACILITIES		DAF PERCENTAGE	CHARGES
THORNYDALE MONTHLY CHARGES			
ROUTINE OPERATIONS AND MAINTENANCE		82.17%	\$ 9,467
DEPRECIATION	\$ 52,715	82.17%	\$ 43,316
PROPERTY TAXES	\$ -		\$ 17,861
RATE OF RETURN 8.950%			\$ 94,469
VALENCIA MONTHLY CHARGES			
ROUTINE OPERATIONS AND MAINTENANCE		41.17%	\$ 2,401
DEPRECIATION	\$ 66,639	41.17%	\$ 27,435
PROPERTY TAXES	\$ -		\$ 16,225
RATE OF RETURN 8.950%			\$ 77,349
ORACLE JUNCTION MONTHLY CHARGES			
ROUTINE OPERATIONS AND MAINTENANCE		19.49%	\$ 1,654
DEPRECIATION	\$ 40,428	19.49%	\$ 7,879
PROPERTY TAXES	\$ -		\$ 2,457
RATE OF RETURN 8.950%			\$ 31,542
AVRA VALLEY MONTHLY CHARGES			
ROUTINE OPERATIONS AND MAINTENANCE		16.99%	\$ 1,673
DEPRECIATION	\$ 52,792	16.99%	\$ 9,785
PROPERTY TAXES	\$ -		\$ 5,319
RATE OF RETURN 8.950%			\$ 27,541
THREE POINTS MONTHLY CHARGES			
ROUTINE OPERATIONS AND MAINTENANCE		9.20%	\$ 540
DEPRECIATION	\$ 66,062	9.20%	\$ 6,078
PROPERTY TAXES	\$ -		\$ 3,609
RATE OF RETURN 8.950%			\$ 19,737
SANDARIO MONTHLY CHARGES			
ROUTINE OPERATIONS AND MAINTENANCE		46.91%	\$ 8,610
DEPRECIATION	\$ 84,354	46.91%	\$ 39,571
PROPERTY TAXES	\$ -		\$ 22,215
RATE OF RETURN 8.950%			\$ 121,308
SANDARIO LINE MONTHLY CHARGES			
ROUTINE OPERATIONS AND MAINTENANCE		96.50%	\$ 545
DEPRECIATION	\$ 59,635	96.50%	\$ 57,548
PROPERTY TAXES	\$ -		\$ 35,319
RATE OF RETURN 8.950%			\$ 174,199
SADDLEBROOKE RANCH MONTHLY CHARGES			
ROUTINE OPERATIONS AND MAINTENANCE		88.92%	\$ 1,863
DEPRECIATION (based on \$4,212,489)	\$ 115,843	88.92%	\$ 103,008
PROPERTY TAXES	\$ -		\$ -
RATE OF RETURN 8.950%			\$ 324,117
BICKNELL MONTHLY CHARGES			
ROUTINE OPERATIONS AND MAINTENANCE		11.74%	\$ 624
DEPRECIATION	\$ 24,287	75.00%	\$ 18,215
PROPERTY TAXES	\$ -		\$ -
RATE OF RETURN 8.950%			\$ 59,153
BILL CORRECTION - JUNE '08 (THORNYDALE O&M)			\$ (1)
TOTAL DIRECT ASSIGNMENT FACILITIES			\$ 1,372,631



**Southwest
Transmission**
COOPERATIVE, INC

P.O. BOX 2195 • BENSON, ARIZONA 85602 • (520) 586-5599 • swtransco.coop

BEFORE THE ARIZONA CORPORATION COMMISSION

TESTIMONY

IN SUPPORT OF

THE SOUTHWEST TRANSMISSION COOPERATIVE, INC.

RATE APPLICATION

DOCKET NO. E-04100A

OCTOBER 2009

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Gary E. Pierson	B
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A

1 **DIRECT TESTIMONY OF DIRK MINSON**

2 **ON BEHALF OF**

3 **SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

4
5 **INTRODUCTION**

6 **Q. Please state your name and business address.**

7 A. My name is Dirk Minson. My business address is 1000 South Highway 80,
8 Benson, Arizona, 85602.

9
10 **Q. By whom are you employed and in what capacity?**

11 A. I am the Chief Financial Officer of Southwest Transmission Cooperative, Inc.
12 ("SWTC"). As Chief Financial Officer, I serve on the Executive Management
13 Team and report directly to the Chief Executive Officer. My specific
14 responsibilities and duties include the accounting functions of the Cooperative,
15 including establishing fiscal policy, procedure development and implementation
16 of appropriate financial controls. Additional responsibilities include financial
17 planning, rate design development and implementation, corporate treasury
18 functions, as well as cash and working capital management, and inventory
19 control.

20
21 **Q. Please briefly describe your educational background and work-related**
22 **experience.**

23 A. I hold a B.S. Degree in Business Administration from Kansas State University
24 and an M.B.A. from the University of Missouri. My entire 34-year career has
25 been spent working directly or indirectly for electric cooperative utilities. I began
26 my employment with Arizona Electric Power Cooperative, Inc. (whose

1 relationship with SWTC is described below) in 1982 and was promoted to the
2 position of Chief Financial Officer in May 1990.

3
4 **Q. Mr. Minson, what is the purpose of your testimony?**

5 A. I will provide the Commission information concerning SWTC, its Board and
6 membership structure and its rate history. I'll also describe generally the rate
7 request and certain related issues. Gary Pierson, our Manager of Financial
8 Services, testifies in more detail concerning the A-F rate filing schedules. Jay
9 Zarnikau of Frontier Associates testifies in support of the G and H rate filing
10 schedules.

11
12 **BACKGROUND**

13 **Q. Mr. Minson, please describe SWTC.**

14 A. SWTC is a non-profit, transmission cooperative which was formed in anticipation
15 of the restructuring of the Arizona Electric Power Cooperative, Inc. ("AEPCO").
16 The Commission approved the restructuring in Decision No. 63868. On
17 August 1, 2001, AEPCO's transmission assets were transferred to SWTC and it
18 commenced operations. SWTC primarily provides wholesale transmission
19 services to AEPCO on behalf of its six Class A Member distribution cooperatives
20 (the "distribution cooperatives"). These Class A Members of AEPCO are also the
21 Class A Members of SWTC. One distribution cooperative, Anza Electric
22 Cooperative, Inc., is located in south-central California. The other five Arizona
23 distribution cooperatives are the Duncan Valley Electric Cooperative, Inc.,
24 Graham County Electric Cooperative, Inc., Trico Electric Cooperative, Inc.,
25 Mohave Electric Cooperative, Inc., ("MEC"), and Sulphur Springs Valley Electric
26 Cooperative, Inc. ("SSVEC") and provide electricity at retail in many, primarily
27 rural areas of the State. The Arizona distribution cooperatives are regulated by

1 this Commission. SWTC also provides transmission services to AEPCO for
2 certain of its other sales.

3

4 **Q. Does SWTC have Class B Members?**

5 A. Yes. AEPCO is a Class B Member of SWTC, as is Sierra Southwest Cooperative
6 Services, Inc., which was the third cooperative created as part of AEPCO's
7 restructuring.

8

9 **Q. Does SWTC have transmission agreements with other entities?**

10 A. A few. SWTC has umbrella service agreements under its Open Access
11 Transmission Tariff ("OATT") to enable entities to conduct real time transactions
12 on the SWTC Open Access Same Time Information System. To date, AEPCO,
13 MEC, SSVEC and several other entities have requested transmission services
14 from SWTC under an umbrella service agreement. SWTC also provides OATT-
15 based wholesale transmission service to the City of Safford and the Town of
16 Thatcher. It has pre-OATT transmission agreements with the Avra Valley
17 Irrigation and Drainage District and the Silverbell Irrigation and Drainage
18 District.

19

20 **Q. Is SWTC regulated by agencies other than the Commission?**

21 A. Yes. Like AEPCO, SWTC is a borrower from the Rural Utilities Service
22 ("RUS") which is a division of the United States Department of Agriculture. As
23 an RUS borrower, SWTC is subject to its regulation--both by virtue of its
24 mortgage and also pursuant to regulations promulgated by the RUS. SWTC is
25 also a "transmitting utility" under Section 211 of the Federal Power Act. As a
26 transmitting utility, SWTC is subject to certain jurisdiction of the Federal Energy
27 Regulatory Commission ("FERC") and, in order to meet the requirements for

1 reciprocity under FERC Order No. 888, SWTC maintains an Open Access
2 Transmission Tariff or OATT.

3

4 **Q. Please briefly describe SWTC's transmission facilities.**

5 A. SWTC owns about 622 miles of transmission lines and 24 substations. Some of
6 those transmission facilities are jointly owned with the Salt River Project ("SRP")
7 and Tucson Electric Power. We also have contracts to receive transmission
8 service from those companies as well as the Arizona Public Service Company, the
9 Western Area Power Administration and Southern California Edison.

10

11 **Q. How is SWTC governed?**

12 A. SWTC's Board of Directors oversees all aspects of our operations. It is
13 comprised of 13 directors. Twelve of the Board members (two per Class A
14 Member) are the distribution cooperatives' representatives. The remaining
15 SWTC Board member represents our Class B Members.

16

17 **Q. Mr. Minson, please describe SWTC's recent rate history.**

18 A. SWTC's current rates were authorized by the Commission in Decision No. 68072
19 and became effective on September 1, 2005. That Decision also ordered SWTC
20 to file a rate case no later than August 1, 2010.

21

22 **Q. Did SWTC's Board approve this rate filing?**

23 A. Yes, it did. The process of Board review began several months ago and last
24 month, the SWTC Board of Directors approved the filing of this rate case.

OVERVIEW OF FILING

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Q. Please summarize SWTC's rate request.

A. Mr. Pierson and Mr. Zarnikau will testify in more detail concerning the specifics of the need for the request and the revised rates. In general, on a test year adjusted basis, SWTC had negative margins of just under \$170,000 which produce a TIER of .03 and a DSC of .50. Given this, SWTC is requesting an overall increase in revenues of approximately \$7.7 million. The revised rates are designed to produce a TIER of 1.56 and a DSCR of 1.35 which, if achieved, will keep SWTC in compliance with the standards required by its RUS mortgage and RUS rules. It will provide modest margins, continue to build equity and afford some gradual improvement in working capital coverage. Finally, SWTC requests that the new rates not take effect until January 1, 2011 so as to coincide with the large loss of transmission revenues associated with expiration of AEPCO's 100 MW sales contract with SRP.

Q. Can you estimate the impact that this increase would have on the retail member/owner's bill?

A. It is always difficult to translate a wholesale rate change precisely into a retail bill impact because the distribution cooperatives have different rates and varying rate structures approved by the Commission. However, as a "rule of thumb," transmission service accounts for about 10% of the costs underlying the total delivered rate at retail. Therefore, assuming a residential rate of 14 cents per kWh, on average 1.4 cents of that rate would be attributable to SWTC's transmission service. Using those assumptions, a residential consumer taking 1000 kWh per month would see about a \$4.60 increase in the monthly bill as a result of this rate request.

1 **Q. Why is this rate increase necessary?**

2 A. It is caused almost entirely by very substantial revenue losses resulting from the
3 termination, reduction or expiration of several point-to-point transmission service
4 contracts. As a result, collectively, SWTC either has already lost or will lose by
5 January 1, 2011 about \$8.6 million in revenues. That is one-quarter or about 24%
6 of SWTC's current annual revenues.

7
8 The largest reduction of point-to-point revenues will occur when AEPCO's
9 100 MW, 20-year sales agreement with SRP expires on December 31, 2010. To
10 deliver that power and energy to SRP, AEPCO purchases 100 MW of point-to-
11 point service from SWTC. Those purchases obviously will not occur after the
12 SRP contract expires. That factor alone accounts for a more than \$4.5 million
13 loss in annual revenues. Further, AEPCO's 15 MW sales agreement with the City
14 of Mesa expired on December 31, 2008 and AEPCO is no longer purchasing
15 point-to-point service from SWTC for that contract. In addition, SWTC has
16 contracts with the Western Area Lower Colorado for point-to-point service that
17 will terminate in May 2010 and IPP service which is terminating this month.
18 Finally, as a result of the development of an alternate transmission path, Morenci
19 Water and Electric is terminating the remainder of its Morenci mine point-to-
20 point transmission service as well.

21

22 **Q. What level of margins is SWTC requesting in this rate application?**

23 A. SWTC is requesting operating margins of about \$2.8 million. On a cash basis, the
24 requested margins would generate approximately \$3.0 million of working capital
25 on an annual basis. SWTC has reviewed its working capital needs going forward
26 and determined that approximately \$10 million is necessary to support ongoing
27 operational requirements and the general fund levels necessary to support

1 SWTC's large construction program. The requested level of margins would begin
2 gradually to build toward that working capital level over the next several years
3 and will assure mortgage compliance. It will also continue to improve SWTC's
4 equity position.

5
6 **Q. What is SWTC's current equity position?**

7 A. As of March 31, 2009, equity as a percentage of assets was 8.74% which is in line
8 with the equity projection analysis we filed in 2006 and is certainly an
9 improvement over the equity level at the time of our last rate case in 2005. It
10 remains low, however, for a cooperative of SWTC's size and the requested
11 margin level will also continue to improve in this equity position.

12
13 **CONCLUSION**

14 **Q. Do you have any concluding remarks?**

15 A. SWTC has suffered revenue losses already and will continue to lose over the next
16 14 months almost 25% of its current annual revenue stream as a result of a series
17 of contract expirations and service cancellations. While we can manage through
18 those losses over the next several months, the rate relief and revised rates we are
19 requesting are absolutely necessary to take effect on January 1, 2011.

20
21 **Q. Does this conclude your direct testimony?**

22 A. Yes, it does.

B

1 **DIRECT TESTIMONY OF GARY E. PIERSON**

2 **ON BEHALF OF**

3 **SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

4
5 **Q. Please state your name and address for the record.**

6 A. My name is Gary E. Pierson. My business address is 1000 South Highway 80, Benson,
7 Arizona 85602.

8
9 **Q. By whom are you employed and in what capacity?**

10 A. I am employed by Sierra Southwest Cooperative Services, Inc. ("Sierra Southwest") as the
11 Manager of Financial Services. As Manager of Financial Services, I am responsible for
12 directing and administrating the treasury and cash management functions for Sierra
13 Southwest. In addition, under agreements that Sierra Southwest has with Arizona Electric
14 Power Cooperative, Inc. ("AEPCO") and Southwest Transmission Cooperative, Inc.
15 ("SWTC"), I am also responsible for the same functions as well as rate design and
16 implementation for these two cooperatives.

17
18 **Q. Please briefly summarize your educational and professional background.**

19 A. I graduated in 1974 from Western State College, Gunnison, Colorado, with a Bachelor of
20 Arts Degree specializing in Accounting and Business Administration. In June 1974, I was
21 employed by Colorado-Ute Electric Association and worked there for 17 years in various
22 positions in the areas of ratemaking, budgeting, financial forecasting and power
23 requirements studies. In May 1992, I joined AEPCO as a Rates Administrator with
24 principal responsibilities and duties including the preparation of rate filings, the design of

1 rate structures and rate analysis studies. In 1993, I was promoted to the position of Manager
2 of Financial Services and in August 2001, as a result of the restructuring of AEPCO into
3 three separate cooperatives, I was employed in that same position by Sierra Southwest. I
4 have testified as an expert witness before the Public Utilities Commission of the State of
5 Colorado, the United States Bankruptcy Court in Denver, Colorado and the Arizona
6 Corporation Commission in connection with various proceedings involving rate cases.
7

8 **Q. What is the purpose of your testimony?**

9 A. I will testify in support of the application for a general rate filing for SWTC. My testimony
10 is primarily directed to the financial Schedules A-F—prepared pursuant to the requirements
11 of A.A.C. R14-2-103—which were filed in support of the application. Mr. Zarnikau will
12 testify concerning Schedules G and H.
13

14 **Q. Please describe the Schedules.**

15 A. They are a multi-page exhibit containing Schedules A-H (the “Schedules”) as described in
16 R14-2-103.B. They are divided into the following categories:

<u>Schedule Category</u>	<u>Section Tab</u>
Summary Schedules	A
Rate Base Schedules	B
Test Year Income Statements	C
Cost of Capital Schedules	D
Financial Statements and Statistical Schedules	E
Projections and Forecast Schedules	F
Cost of Service Analysis Schedules	G
Effect of Proposed Tariff Schedules	H

1 **Q. Please describe Section A.**

2 A. Section A contains the summary schedules. Schedule A-1 shows the computation of the
3 increase in gross revenue requirements which result from the development of the financial
4 schedules. Based on the test year adjusted operating margin loss of approximately \$170,000
5 and the negative rate of return of .21%, we are requesting an overall increase in revenues
6 from SWTC Network and Point-to-Point service customers in the amount of approximately
7 \$7.7 million. Primarily, we request that (1) the existing Network Services Rate for
8 transmission service be changed from a monthly revenue requirement of \$1,608,258 to
9 \$2,247,574; (2) the existing Point-to-Point Services Rate be changed from \$3.423 per kW
10 month to \$3.709 per kW month; and (3) the existing System Control & Load Dispatching
11 Rate be changed from \$0.289 per kW month to \$0.245 per kW month. The \$7.7 million is
12 an increase of 29.65% over the revenues that would be generated by present rates and, based
13 upon a test period adjusted rate base of approximately \$79.7 million, produces a rate of
14 return of 9.39%.

15
16 Schedule A-2 summarizes the results of operations for the 12 months ending March 31,
17 2007, 2008 and 2009 as well as the adjusted test year with present rates and with proposed
18 rates. On a test year adjusted basis, that column shows that SWTC had a net margin loss of
19 approximately \$4.77 million, a TIER of only 0.03 and a DSCR of just 0.50. Proposed rates
20 would produce a net margin of about \$2.8 million, a TIER of 1.56 and a DSCR of 1.35.
21 Schedule A-3 summarizes SWTC's capital structure and capitalization ratios for the years
22 ending March 31, 2007 and 2008 as well as the test year and projected year. Margins and
23 equities were about 9.1% at test year's end. Schedule A-4 provides data concerning
24 construction expenditures, net plant additions and gross utility plant in service.

1 Schedule A-5 summarizes SWTC changes in financial position over various periods,
2 including the more than \$12.7 million decrease in cash and cash equivalents in the test year
3 ended March 31, 2009.
4

5 **Q. Please describe Section B of the Schedules.**

6 A. Section B contains supporting rate base schedules. Schedule B-1 summarizes the
7 components of the original cost rate base of approximately \$79.7 million, as of March 31,
8 2009. It includes gross utility plant in service of more than \$146.5 million, accumulated
9 depreciation and amortization of over \$69 million, allowances for working capital of
10 \$1.8 million and plant held for future use of approximately \$377,000. No adjustments were
11 made to reflect the original cost rate base for the test year (Schedule B-2). Schedules B-3
12 and B-4, concerning reconstructed cost new less depreciation ("RCND") rate base, have not
13 been completed. As a non-profit cooperative, SWTC stipulates to the use of its original cost
14 rate base as its fair value rate base.
15

16 Schedule B-5, page 1 provides the computation of working capital by components, which
17 sum to total working capital of just over \$1.8 million. That schedule's remaining pages
18 show the calculation of the different components. Schedule B-5, page 2, concerning the
19 calculation of cash working capital, has not been completed. Due to the considerable time
20 and expense of preparing a lead/lag study, SWTC agrees to the use of a zero value for its
21 cash working capital. Nor is SWTC asking for prepayments to be included in the
22 computation of rate base as shown on Schedule B-5, page 5, because of the position Staff
23 took on this issue in our 2004-2005 rate case.

1 **Q. Please describe Section C of the Schedules.**

2 A. Section C contains the adjusted test year income statements and the supporting schedules to
3 the income statements. Schedule C-1, pages 1 through 4, provides the actual income
4 statement and the as-adjusted income statement for the test year. Pages 1 and 2 of
5 Schedule C-1 provide per books and reclassified income statements for the test year. The
6 first column displays the revenues and expenses of SWTC during the test year, which is the
7 12 months ending March 31, 2009. As noted on Schedule C-1, page 2, SWTC had
8 operating margins of approximately \$4.6 million and non-operating margins of just over
9 \$100,000 that together produce a net margin of approximately \$4.7 million. The second
10 column states *reclassification adjustments that are made to the test period which have a zero*
11 effect on the net margins of SWTC. Column 3 of Schedule C-1, pages 1 and 2, shows the
12 income statement with these reclassifications. Schedule C-1, pages 3 and 4, sets forth the
13 SWTC reclassified income statement and the effects of pro forma adjustments to that
14 income statement. Its first column shows the reclassified test year income statement with
15 net margins of approximately \$4.7 million. The second column displays adjustments to
16 reflect changes in revenues and/or expenses so as to normalize or annualize revenues and
17 expenses in the test period. The third column shows the adjusted net margin loss of slightly
18 more than \$4.8 million.

19
20 Schedule C-2, pages 1 through 8, provides the detail on the reclassification and pro forma
21 adjustments to revenues and expenses. They are as follows:

1 Reclassification Adjustments – Schedule C-2, Pages 1 and 2:

2 1. SWTC Revenue Reclassification – This adjustment reclassifies the ancillary
3 services revenues that SWTC collects from various Point-to-Point and Network
4 Transmission Customers as credits against the operating expenses that SWTC pays to
5 AEPCO for the services during the test period. These revenues and charges are a pass-
6 through, at cost, of ancillary services provided by AEPCO to those customers. Therefore,
7 SWTC has removed them from its cost of service. The net effect of this reclassification
8 on net margins is zero.

9 2. Property Tax Reclassification – This adjustment reclassifies property taxes, which
10 are recorded in various operation and maintenance expense categories according to RUS
11 accounting procedures, to taxes so that these expenses can be shown separately for
12 ratemaking purposes. The net effect of this reclassification on net margins also is zero.

13 3. Anza SCE Wheeling Reclassification – This adjustment reclassifies wheeling
14 revenue collected from Anza Electric Cooperative to pay for wheeling expense that SWTC
15 incurs from Southern California Edison. As these costs are passed through, at cost, SWTC
16 has removed them from the cost of service and they have no effect on margins.

17
18 Pro Forma Adjustments – Schedule C-2, Pages 3 through 8:

19 1. City of Mesa Contract Adjustment – This adjustment annualizes the test year
20 effect of the expiration of AEPCO's 15 MW sales contract to the City of Mesa ("Mesa")
21 that occurred on December 31, 2008. AEPCO is no longer purchasing from SWTC the
22 Point-to-Point transmission service which was needed to wheel the power purchased by
23 Mesa under this contract. Therefore, these revenues have been removed from the test
24 period. The effect of this adjustment reduces net margins by just over \$501,000.

1 2. City of Thatcher Sales Adjustment – This adjustment annualizes test year
2 contractual changes requested by the Town of Thatcher for its conversion from Point-to-
3 Point to Network Transmission service. The conversion results in the loss of Point-to-Point
4 revenues. There is no corresponding increase in Network Transmission revenues. The
5 effect reduces net margins by about \$214,000.

6 3. Additional Network Services Adjustment – This adjustment to test year revenues
7 reflects (a) the changes in the Network Transmission and Point-to-Point services that will
8 occur on January 1, 2011 as a result of the expiration of AEPCO's sales agreement with the
9 Salt River Project ("SRP") and (b) the expiration of the Mesa sales agreement which
10 occurred during the test year. Pursuant to the partial-requirements contract that AEPCO has
11 with Mohave Electric Cooperative, Inc. ("MEC") and Sulphur Springs Valley Electric
12 Cooperative, Inc. ("SSVEC"), these members' allocated capacity has increased or will
13 increase as a result of these contract expirations. This, in turn, affects the amount of service
14 they take under Network Service 1 and 2 as well as Point-to-Point service. This adjustment
15 reflects those associated changes in revenue. In addition, this adjustment reflects the
16 expiration of a separate contract between AEPCO and SRP to provide transmission capacity
17 for wheeling to MEC and reflects the purchase of an additional 10 MW of transmission
18 service from the Western Area Power Administration for wheeling on the Parker Davis
19 transmission path. In total, this adjustment decreases net margins by about \$703,000.

20 4. TEP Non-Firm Point-to-Point Revenue Adjustment – This adjustment removes test
21 year revenues received from Tucson Electric Power for non-firm transmission service from
22 Westwing to Greenlee that are non-recurring. This adjustment decreases net margins by
23 about \$648,000.

1 5. WALC Topock Point-to-Point Termination Adjustment – This adjustment removes
2 test year revenues associated with the Western Area Lower Colorado (“WALC”) Topock
3 Point-to-Point service agreement which will expire in May of 2010. The effect of this
4 adjustment decreases net margins by about \$327,000.

5 6. WALC Topock IPP Termination Adjustment – This adjustment removes test year
6 revenues associated with the WALC Topock IPP Services Agreement pursuant to a
7 termination notice SWTC has received from WALC which takes effect this month—
8 October 2009. The effect of this adjustment is to decrease net margins by \$480,000.

9 7. Morenci Water & Electric (“MW&E”) Morenci Wheeling Revenue Adjustment –
10 This adjustment removes the revenues associated with MW&E Point-to-Point transmission
11 service provided by SWTC during the test period in order to reflect MW&E’s completion of
12 its bypass of the SWTC transmission system which began several years ago. In order to
13 complete the bypass, MW&E continued to take some SWTC transmission service while it
14 installed a second transformer to handle MW&E’s current load levels. The additional
15 transformer has been installed and SWTC service has stopped. This adjustment decreases
16 net margins by about \$1.2 million.

17 8. Salt River Project Contract Adjustment – This adjustment to the test year reflects
18 the impacts of the expiration of AEPCO’s 100 MW sales contract to SRP that occurs on
19 December 31, 2010. As a result, AEPCO will no longer purchase from SWTC Point-to-
20 Point transmission service to wheel this power and these revenues have been removed
21 from the test period. This adjustment reduces net margins by about \$4.5 million.

22 9. Labor Expense Adjustment – This adjustment annualizes labor expense and
23 associated payroll taxes and benefits to reflect wage increases that occurred during the test
24 period and also accounts for the wage increase that took effect on September 21, 2009. In

1 addition, this adjustment reflects the increase in contributions that SWTC is obligated to
2 pay to the National Rural Electric Cooperative Association for participation in its
3 Retirement and Security Program, which is SWTC's pension plan for employees. The
4 effect of this adjustment decreases net margins by approximately \$859,000.

5 10. Rate Case Expense Amortization Adjustment – This adjustment assumes legal and
6 rate consultant costs associated with the rate application of \$240,000 and amortizes those
7 expenses over a three-year period. The effect of this adjustment results in a decrease in net
8 margins of \$80,000.

9 11. Interest Expense Adjustment – This adjustment annualizes interest expense based
10 upon debt balances and interest rates at the end of the test year, which increases interest
11 expense by about \$101,000. Net margins are decreased by the same amount. In addition,
12 SWTC has adjusted the principal payments for the test period to reflect the extended
13 maturity dates on certain FFB notes that was accomplished on December 31, 2008. This
14 reduced principal payments by about \$3.3 million.

15
16 As indicated on page 8 of Schedule C-2, the total of these pro forma adjustments to
17 expenses and revenues decreases net margins by about \$9.56 million.

18
19 Finally, Schedule C-3, concerning the computation of the gross revenue conversion factor,
20 is not applicable because SWTC is a non-profit cooperative and does not pay income taxes.

21
22 **Q. Please describe Section D of the Schedules.**

23 A. The D Schedules contain information on SWTC's cost of capital for the 12 months ended
24 March 31, 2007, 2008 and 2009 and the projected 12 months ended March 31, 2010.

1 Schedule D-1 sets forth the computed cost of capital as of March 31, 2009 for the test year
2 as well as the projected year ending March 31, 2010. Test year invested debt capital
3 amounted to about \$103.1 million with a composite cost rate of 4.93%. Schedule D-2
4 shows long-term and short-term debt balances by lender that comprise the total debt; the
5 interest rates associated with the debt balances; and the computation of the composite cost
6 rate for three actual years and the projected year. Schedules D-3 and D-4, on preferred
7 stock and common equity, are not applicable to SWTC because it is a member-owned, non-
8 profit cooperative.

9
10 **Q. Please describe Section E of the Schedules.**

11 A. Section E contains financial statements and statistical schedules for the 12 months ended
12 March 31, 2007, 2008 and 2009. Schedule E-1 provides comparative balance sheets and
13 Schedule E-2 shows comparative income statements. Schedule E-3 provides a comparative
14 statement of changes in financial position and Schedule E-4 reflects changes in equity.
15 Schedule E-5 provides detail on utility plant additions during the test year and the balances
16 as of March 31, 2008 and 2009. Schedule E-6 is not applicable because, as a not-for-profit
17 cooperative, SWTC has no stock. Schedule E-7 provides SWTC operating statistics, while
18 Schedule E-8 lists taxes charged to operations. Attached to my testimony as Exhibit GEP-1
19 are the Consolidated Financial Statements which include the Independent Auditors' Report
20 to the SWTC Board dated May 13, 2009. It contains the information that is referenced in
21 Schedule E-9.

1 **Q. Please describe Section F of the Schedules.**

2 A. Section F contains various projections and forecast schedules. Schedule F-4 discusses
3 certain assumptions used in developing the projections contained in the previous F
4 schedules.

5

6 **Q. Does this conclude your direct testimony?**

7 A. Yes, it does.

Exhibit GEP-1

**SOUTHWEST TRANSMISSION
COOPERATIVE, INC.**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2008 AND 2007

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 INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	 20

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Southwest Transmission Cooperative, Inc.

We have audited the accompanying balance sheets of Southwest Transmission Cooperative, Inc. (the Cooperative) as of December 31, 2008 and 2007 and the related statements of revenues and expenses and unallocated accumulated margins (losses) and cash flows for the years then ended. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2008 and 2007 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2009 on our consideration of the Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Moss Adams LLP

Portland, Oregon
May 13, 2009

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
BALANCE SHEETS

		ASSETS	
		DECEMBER 31,	
		2008	2007
UTILITY PLANT			
Plant in service		\$ 147,537,058	\$ 142,038,971
Construction work in progress		25,373,100	15,436,370
Total utility plant		172,910,158	157,475,341
Less accumulated depreciation		68,129,364	64,228,910
Utility plant, net		104,780,794	93,246,431
INVESTMENTS			
Restricted held to maturity		1,355,652	1,355,652
Other		1,116,092	1,112,272
Total investments		2,471,744	2,467,924
CURRENT ASSETS			
Cash and cash equivalents		520,469	4,679,359
Accounts receivable		2,961,331	5,943,609
Materials and supplies inventory		2,020,194	1,772,743
Prepayments and other current assets		693,182	668,827
Total current assets		6,195,176	13,064,538
DEFERRED DEBITS AND REGULATORY ASSETS			
		3,663,471	3,308,352
Total assets		\$ 117,111,185	\$ 112,087,245

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
BALANCE SHEETS

MEMBERSHIP CAPITAL AND LIABILITIES

	DECEMBER 31,	
	2008	2007
MEMBERSHIP CAPITAL		
Membership fees	\$ 900	\$ 900
Patronage capital	5,024,714	5,024,714
Unallocated accumulated margins/(losses)	4,373,064	(563,064)
Total membership capital	9,398,678	4,462,550
LONG-TERM DEBT		
Federal Financing Bank	77,682,970	72,938,415
Cooperative Utility Trust	9,350,288	10,202,832
Solid Waste Disposal Revenue Bonds	7,134,392	7,427,586
Rural Utilities Service	52,963	325,884
Cooperative Finance Corporation	351,629	450,456
Total long-term debt	94,572,242	91,345,173
CURRENT LIABILITIES		
Member advances	484,249	317,559
Current maturities of long-term debt	3,874,918	8,325,125
Accounts payable	6,799,439	5,498,090
Accrued property and business taxes	841,674	932,817
Accrued interest	352,481	405,362
Other	787,504	800,569
Total current liabilities	13,140,265	16,279,522
Total membership capital and liabilities	\$ 117,111,185	\$ 112,087,245

See accompanying notes.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
STATEMENTS OF REVENUES AND EXPENSES AND UNALLOCATED ACCUMULATED
MARGINS/(LOSSES)

	YEAR ENDED DECEMBER 31,	
	2008	2007
OPERATING REVENUES		
Sales of electric transmission		
Members		
Class A - Firm	\$ 20,714,651	\$ 19,570,233
Class B - Firm	6,716,880	6,643,880
Class B - Nonfirm	10,716	12,628
Nonmembers	3,788,081	1,646,151
Regulatory asset charge	56,894	3,169,785
Sales and ancillary services		
Members		
Class A	3,350,763	2,815,110
Class B	569,609	567,544
Nonmembers	2,283,916	1,245,514
Total operating revenues	<u>37,491,510</u>	<u>35,670,845</u>
OPERATING EXPENSES		
Transmission operation	4,859,552	3,966,437
Depreciation and amortization	4,347,789	7,317,126
Administration and general	4,145,207	3,816,002
Property and other taxes	1,684,665	1,864,715
Transmission system control	4,662,662	3,999,200
Transmission maintenance	2,673,595	3,574,606
Wheeling and ancillary charges	5,902,333	4,854,833
Total operating expenses	<u>28,275,803</u>	<u>29,392,919</u>
OPERATING MARGIN	9,215,707	6,277,926
Interest and interest related expenses, net	(4,643,224)	(4,655,683)
Other income, net	363,645	649,791
NET MARGIN	4,936,128	2,272,034
UNALLOCATED ACCUMULATED LOSSES, beginning of year	<u>(563,064)</u>	<u>(2,835,098)</u>
UNALLOCATED ACCUMULATED MARGINS/ (LOSSES), end of year	<u>\$ 4,373,064</u>	<u>\$ (563,064)</u>

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margin	\$ 4,936,128	\$ 2,272,034
Adjustments to reconcile net margin to net cash from operating activities		
Depreciation and amortization of plant in service	4,290,895	4,147,341
Amortization of regulatory assets	56,894	3,169,785
Changes in assets and liabilities		
Accounts receivable	2,982,278	(1,679,691)
Materials and supplies inventory	(247,451)	(304,201)
Deferred debits	(412,013)	(50,952)
Accrued property and business taxes	(91,143)	(41,538)
Accounts payable	1,301,349	1,800,947
Accrued interest	(52,881)	(1,008,401)
Other, net	(37,420)	183,609
Net cash from operating activities	<u>12,726,636</u>	<u>8,488,933</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures	(15,825,258)	(14,060,541)
Software lease	-	(425,000)
Investments	(3,820)	(19,182)
Net cash from investing activities	<u>(15,829,078)</u>	<u>(14,504,723)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Member advances, net	166,690	11,353
Payments on long-term debt	(8,358,138)	(10,210,127)
Proceeds from long-term debt	7,135,000	13,190,000
Net cash from financing activities	<u>(1,056,448)</u>	<u>2,991,226</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(4,158,890)</u>	<u>(3,024,564)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,679,359</u>	<u>7,703,923</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 520,469</u>	<u>\$ 4,679,359</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest, net of amount capitalized	<u>\$ 4,487,608</u>	<u>\$ 5,431,782</u>

See accompanying notes.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization

Southwest Transmission Cooperative, Inc. (the Cooperative) is organized under Arizona law as a nonprofit rural electric transmission cooperative, which provides electric transmission and ancillary services to its customers. The Cooperative was organized with two classes of members. Class A members consist of nonprofit electric cooperative or nonprofit membership corporations which are *electric utilities that are or have been beneficiaries of the Rural Electrification Act of 1936* and have or will have agreements wherein their power and associated energy are delivered using transmission and related facilities owned by the Cooperative and/or transmission rights in third-party systems controlled by the Cooperative; and that have each joined with the other Class A members in the Cooperative's operations in order to share the benefits and costs of ownership of an entity engaged in providing transmission services for the benefit of its members. There are currently six Class A members. Class B members consist of generation and transmission electric cooperatives organized under Arizona law and other electric utilities which currently have, or will have, agreements with the Cooperative whereby transmission services are purchased from the Cooperative. There are currently two Class B members.

Note 2 - Summary of Significant Accounting Policies

System of accounts - The Cooperative maintains its accounts in accordance with policies and procedures as prescribed by the Rural Utilities Service (RUS) in conformity with the Uniform System of Accounts. The Cooperative's accounting policies conform to accounting principles generally accepted in the United States of America as applied in the case of regulated public utilities and are in accordance with the accounting requirements and rate-making practices of RUS and the Arizona Corporation Commission (ACC), the regulatory authorities having jurisdiction.

Accounting for the effects of regulation - The Cooperative prepares its financial statements in accordance with the provisions of Statement of Financial Accounting Standard (SFAS) No. 71, Accounting for the Effects of Certain Types of Regulation. SFAS No. 71 requires a cost-based, regulated enterprise to recognize revenues and expenses in the time periods when the revenues and expenses are included in rates. This may result in regulatory assets and liabilities until such time that the related revenues and expenses are included in rates (See Note 5).

Utility plant - Utility plant, consisting primarily of transmission facilities, is stated at historical cost and includes the costs of outside contractors, direct labor and materials, allocable overhead and interest charged to construction.

In accordance with the Uniform System of Accounts, the Cooperative capitalizes the interest costs associated with the borrowing of funds used to finance construction work in progress (CWIP). Interest income from construction funds held in trust, if any, is credited to CWIP. Interest costs capitalized on construction projects was approximately \$580,000 and \$628,000 in 2008 and 2007, respectively.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Depreciation is computed on the straight-line basis over estimated useful lives of depreciable property in accordance with rates prescribed by RUS, averaging 3.0% for 2008 and 2007. Depreciation expense was approximately \$4,291,000 and \$4,147,000 for the years ended December 31, 2008 and 2007, respectively. Minor replacements and repairs are charged to expense as incurred. Retirements of utility plant, together with the cost of removal, less salvage, are charged to accumulated depreciation.

The Cooperative assesses its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, a loss is recognized for the difference. The Cooperative has not recorded losses resulting from impairment of its long-lived assets.

Asset retirement obligation - SFAS No. 143 requires the recognition of an Asset Retirement Obligation (ARO), measured at estimated fair value, for legal obligations related to decommissioning and restoration costs associated with the retirement of tangible long-lived assets in the period in which the liability is incurred. The initial capitalized asset retirement costs are depreciated over the life of the related asset, with accretion of the ARO liability classified as an operating expense. The Cooperative has determined that they do not have a significant asset retirement obligation.

Investments - The Cooperative accounts for its investments in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. SFAS No. 115 provides that the Cooperative classify investments in securities as either trading securities, held-to-maturity securities, or available-for-sale securities. At December 31, 2008 and 2007, all investment balances were classified as held-to-maturity securities and are therefore recorded at amortized cost (See Note 3).

A decline in the market value of held-to-maturity securities below cost that is deemed to be other-than-temporary results in a reduction in carrying amount to fair value. The impairment is charged to margins and a new cost basis for the security is established. To determine whether an impairment is other-than-temporary, the Cooperative considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is *recoverable outweighs evidence to the contrary*. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year end and forecasted performance of the investee. Management does not believe the investments are impaired as of December 31, 2008.

Fair value of financial instruments - Many of the Cooperative's financial instruments lack an available trading market as characterized by a willing buyer and willing seller engaged in an exchange transaction. The Cooperative's general practice and intent is to hold its financial instruments to maturity and not to engage in trading or sales activities. As a result, significant estimations using the best available information and present value calculations are used by the Cooperative for purpose of disclosure. For current financial instruments, the carrying amounts approximate fair value.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash equivalents - The Cooperative considers all investments with an original maturity of 90 days or less to be cash equivalents. The Cooperative maintains its cash in bank accounts, which, at times, exceed federally insured limits and has not experienced any losses in such accounts.

Accounts receivable - Receivables are recorded when invoices are issued and are written off when they are determined to be uncollectible (See Note 4). The allowance for doubtful accounts is estimated based on historical losses, review of specific problem accounts, the existing economic conditions in the industry and the financial stability of customers. Generally, accounts receivable are considered past due after 30 days. No allowance was deemed necessary at December 31, 2008 and 2007.

Inventories - Inventories, consisting of materials and supplies, are carried at average cost.

Unamortized debt costs - Costs incurred for the issuance or repricing of long-term debt are deferred and amortized over the life of the related debt (See Note 5).

Deferred debits - Deferred debits are recorded at cost and either: (1) amortized over their expected period of benefit or alternate period of time as may be mandated by ACC or other regulatory order, if different, or (2) eliminated upon determination of their ultimate disposition (See Note 5).

Revenues - Revenues are recognized as electric transmission or other services are provided.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications - Certain reclassifications were made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no impact on previously reported net margin.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 3 - Investments

Investments at December 31 consist of the following:

	<u>2008</u>	<u>2007</u>
Restricted term certificates	\$ 1,355,652	\$ 1,355,652
Investment in associated organization	1,000,000	1,000,000
Other	<u>116,092</u>	<u>112,272</u>
Total investments	<u>\$ 2,471,744</u>	<u>\$ 2,467,924</u>

Restricted term certificates - The Cooperative is a member of the National Rural Utilities Cooperative Finance Corporation (CFC), a not-for-profit cooperative financing institution. As a condition of membership, the Cooperative purchased \$1,333,505 in Subscription Capital Term Certificates (SCTCs), which bear interest at 5% per annum and have maturity dates ranging from 2070 to 2080. The Cooperative also purchased a \$22,147 Zero Term Certificate (ZTC), as a condition of the long-term debt due CFC. The ZTC is non-interest bearing and matures in 2013 upon final repayment of the related debt. The SCTCs and ZTC are unrated, uncollateralized debt securities of CFC. The fair value of these investments is not readily determinable; therefore, they are recorded at cost.

Investment in associated organization - The Cooperative is a Class B member of Sierra Southwest Cooperative Services, Inc. (Sierra). The Cooperative's investment in Sierra is carried at cost (See Note 15).

Note 4 - Accounts Receivable

Accounts receivable at December 31 consist of the following:

	<u>2008</u>	<u>2007</u>
Electric transmission sales	\$ 3,012,201	\$ 3,753,192
Construction shared costs	-	854,569
Other	<u>(50,870)</u>	<u>1,335,848</u>
Total accounts receivable	<u>\$ 2,961,331</u>	<u>\$ 5,943,609</u>

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4 - Accounts Receivable (Continued)

Electric transmission sales - Electric transmission sales consist of sales to members and nonmembers under transmission service agreements (See Note 10) and are generally not collateralized.

Construction shared costs - Represents costs to be reimbursed from a member associated with the construction of a substation.

Note 5 - Deferred Debits and Regulatory Assets

Deferred debits and regulatory assets at December 31 consist of the following:

	<u>2008</u>	<u>2007</u>
Regulatory assets	\$ (315,056)	\$ (258,163)
Unamortized debt costs	1,125,306	1,327,813
Other	2,190,721	1,244,952
Software lease	<u>662,500</u>	<u>993,750</u>
Total deferred debits and regulatory assets	<u>\$ 3,663,471</u>	<u>\$ 3,308,352</u>

Regulatory assets - The ACC authorized the recovery of the regulatory assets through the imposition of a specific charge (See Note 2). The regulatory assets, pursuant to an order from the ACC, are being amortized as revenues related to the regulatory assets are collected. The above credit represents revenue remaining to be recognized related to the regulatory assets.

Note 6 - Patronage Capital

	<u>2008</u>	<u>2007</u>
January 1	\$ 5,024,714	\$ 5,024,714
Patronage capital allocation	<u>-</u>	<u>-</u>
December 31	<u>\$ 5,024,714</u>	<u>\$ 5,024,714</u>

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 6 - Patronage Capital (Continued)

In accordance with the Cooperative's bylaws, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of electric energy transmission and other services to members in excess of the sum of:

- Operating costs and expenses, including interest on debt service, properly chargeable against the furnishing of electric energy transmission and other services;
- Amounts required to offset any losses incurred during the current or any prior fiscal year; and
- Maintenance of reserves, if any.

All such excess amounts at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital. RUS mortgage provisions require written approval of any declaration or payment of capital credits. These provisions restrict the payment of capital credits to 25% of the margins received by the Cooperative in the preceding year, unless total membership capital exceeds 40% of the total assets of the Cooperative. There were no retirements for 2008 and 2007.

Note 7 - Long-Term Debt

Federal Financing Bank (FFB) - This debt is payable at interest rates based on long-term obligations of the United States Government as determined on the date of advance. Interest rates on individual FFB notes ranged from 2.6% to 9.1% in 2008 and from 4.3% to 9.1% in 2007. Equal quarterly principal and interest installments on these obligations extend through 2035. The obligations are guaranteed by RUS. The Cooperative may prepay all outstanding notes by paying the principal amount plus the lesser of: 1) the difference between the outstanding principal balance of the loan being refinanced and the present value of the loan discounted at a rate equal to the then current cost of funds to the Department of the Treasury for obligations of comparable maturity; 2) 100% of the amount of interest for one year on the outstanding principal balance of the loan being refinanced multiplied by the ratio of a) number of quarterly payment dates remaining to maturity bears to b) number of quarterly payment dates between year 13 of the loan and the maturity date; or 3) present value of 100% of the amount of interest for one year on the outstanding principal balance of the loan.

Cooperative Utility Trust - The Cooperative issued a note, underlying a Certificate of Beneficial Interests (the Certificate), to a Cooperative Utility Trust. Principal payments on the note are due annually through 2018 and guaranteed by RUS. The interest rate on the note is 7.7%, paid semiannually. The note may be prepaid at any time after September 1, 2006 at 103.5% of the outstanding principal amount of the note on the date of prepayment, declining one half percent per year to 100% beginning September 1, 2013 and thereafter.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt (Continued)

Solid Waste Disposal Revenue Bonds - Principal on these bonds is due in annual installments through 2024. Interest rates on the bonds are variable and subject to revision semiannually. The interest rate in effect at December 31, 2008 and 2007 was 2.35% and 3.75%, respectively. Interest is paid semiannually. These bonds are guaranteed by CFC and are not subject to optional redemption prior to maturity.

Rural Utilities Service - This long-term debt consists of notes at interest rates of 2% and 5% for both 2008 and 2007. Quarterly principal and interest payments on these obligations extend through 2010. The Cooperative may prepay the notes at an amount not less than the outstanding principal balance of the loan. The discount rate is the rate specified in the Treasury Constant Maturities section of the weekly publication of the Federal Reserve Statistical Release.

RUS has established a Cushion of Credit Payment Program, whereby borrowers may make advance payments on their RUS and FFB notes. These advance payments earn interest at the rate of 5% per annum. The advance payments, plus any accrued interest, can only be used for the payment of principal and interest on the notes. The Cooperative's participation in the Cushion of Credit Payment Program totaled \$32,936 and \$5,564 at December 31, 2008 and 2007, respectively, and is recorded as a reduction of the outstanding RUS long-term debt.

Cooperative Finance Corporation - This long-term debt is payable at a variable interest rate that is established monthly and effective on the first day of each month. The interest rate in effect at December 31, 2008 and 2007 was 5.4% and 6.55%, respectively. Quarterly principal and interest payments on this obligation extend through 2013. This obligation is guaranteed by RUS. The variable interest rate on the debt is convertible to a fixed rate. The fixed rate would be equal to the rate of interest offered by CFC at the time of the conversion request. The Cooperative may prepay fixed rate notes in whole or in part, subject to a prepayment premium prescribed by CFC.

Maturities of long-term debt - Maturities of long-term debt for the next five years and thereafter are as follows:

2009	\$ 3,874,918
2010	3,940,812
2011	4,174,371
2012	4,477,710
2013	4,718,639
Thereafter	<u>77,260,710</u>
	<u>\$ 98,447,160</u>

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt (Continued)

Under covenants of the Mortgage and Security Agreement (Mortgage), dated July 2, 2001, by and among the Cooperative, CFC and the United States of America acting through RUS, RUS Transmission Loan Contract, dated July 2, 2001, between the Cooperative and the United States of America acting through RUS, and RUS general and preloan policies and procedures, the Cooperative must, among other things, obtain approvals from both RUS and CFC for certain transactions and contracts and design its rates with a view to maintaining, on an annual basis, an average times interest earned ratio of 1.05 and debt service coverage ratio of 1.0 calculated retrospectively using the highest ratios from two of the three most recent years. Management believes these financial covenants have been achieved as of December 31, 2008.

Long-term debt is collateralized by the pledge of all assets.

The fair value of the Cooperative's long-term debt is estimated by discounting the future cash flows required under the terms of each respective debt agreement by the currently quoted or offered rates for the same or similar issues of debt with similar maturities. The principal amounts of variable rate debt are considered reasonable estimates of their fair value. The fair value of debt at December 31, 2008 and 2007 was \$102,396,477 and \$104,667,464, respectively.

Components of interest expense at December 31 consist of the following:

	<u>2008</u>	<u>2007</u>
Total interest costs and related amortization	\$ 5,222,743	\$ 5,284,070
Interest capitalized	<u>(579,519)</u>	<u>(628,387)</u>
Total interest expense	<u>\$ 4,643,224</u>	<u>\$ 4,655,683</u>

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 8 - Accounts Payable

Accounts payable at December 31 consists of the following:

	<u>2008</u>	<u>2007</u>
Wheeling charges	\$ 1,102,986	\$ 414,252
Payable to related party (AEPCO)	1,053,867	1,496,003
Payable to related party (Sierra)	542,952	1,725,390
Trade and other	<u>4,099,634</u>	<u>1,862,445</u>
Total accounts payable	<u>\$ 6,799,439</u>	<u>\$ 5,498,090</u>

Note 9 - Member Advances

Member investment program - The Cooperative offers all members the ability to invest funds with the Cooperative on a short-term basis for periods up to nine months. The Cooperative did not have outstanding liabilities for notes at December 31, 2008 and 2007.

Prepaid transmission program - The Cooperative also offers a prepayment program for all members whereby the members may make interest-bearing prepayments of their monthly transmission billings. Terms offered on the prepayment program are the same as the member investment program. The prepayment and accrued interest are applied to the members' transmission billings on the date such billings become due. The Cooperative recorded liabilities for prepayments of \$484,249 and \$317,559 at December 31, 2008 and 2007 respectively. The interest rate on prepayments outstanding during 2008 and 2007 averaged 2.6% and 5.3%, respectively. Interest expense on the prepayment program was approximately \$12,817 and \$22,445 for the years ended December 31, 2008 and 2007, respectively.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies

Rate increase - On August 17, 2005, the Cooperative received authorization from the ACC to phase in rate increases over a two-year period. Phase one became effective on September 1, 2005 for a 14.58% increase; phase two was effective January 1, 2006 for a 9.1% increase; phase three was effective September 1, 2006 for a 1.5% increase; phase four was effective September 1, 2007 for a 1.5% increase. The rates and charges are effective for all services, including network transmission service, point-to-point transmission service, ancillary services, and the regulatory asset charge. ACC also ordered that the Cooperative shall file a rate case within five years. The Cooperative will be filing a new rate application with ACC in 2009.

The tariff is intended to cover lost revenue from the cancellation of a firm transmission service agreement representing a loss of over \$5 million in transmission revenue, as well as necessary maintenance and upgrades of the transmission system. Management believes the rate increases, approved by the ACC, will be sufficient to provide the Cooperative adequate net margins to maintain compliance with debt covenants and sufficient liquidity to meet its operating requirements.

Personnel staffing agreement - The Cooperative has a personnel staffing agreement with Sierra (See Note 15), whereby Sierra provides personnel staffing services for all positions except certain key staff and management positions, who are employees of the Cooperative. The personnel staffing agreement provides that the Cooperative shall pay for the actual and verifiable costs incurred by Sierra for personnel, materials, supplies and all other direct, indirect, and overhead costs incurred by Sierra in carrying out its responsibilities under the personnel staffing agreement. The term of the staffing agreement is for five years from the effective date of August 1, 2001. The agreement is automatically extended for five successive years unless terminated by either party no later than two years prior to the conclusion of such fifth contract year. Neither the Cooperative nor Sierra gave the two-year advance notice of termination, thereby extending the agreement for an additional five-year term.

Approximately 43% of the personnel employed by Sierra are subject to a collective bargaining agreement. Sierra entered into a five-year collective bargaining agreement, effective March 1, 2005.

Class A Member Network Service Agreements - The Cooperative has an agreement with Arizona Electric Power Cooperative, Inc. (AEPCO) to provide network integration transmission service to deliver AEPCO's power to AEPCO's all requirements Class A distribution cooperative members. The Cooperative entered into separate agreements to provide network integration transmission service to AEPCO's partial requirements Class A members. These agreements remain in effect so long as the associated wholesale power contract between AEPCO and the Class A member remains in effect, all of which terminate on December 31, 2035. In the opinion of management, the Cooperative will be able to provide service in accordance with these agreements.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies (Continued)

AEPCO Bundled Transmission Service Agreements - The Cooperative also has agreements with AEPCO to provide point-to-point or network integration transmission service for AEPCO's bundled power sales agreements. These agreements provide for reserved transmission capacity ranging from 8 MW to 100 MW and will remain in effect in accordance with each respective service agreement. In the opinion of management, the Cooperative will be able to provide service in accordance with these agreements.

Other transmission service agreements - The Cooperative holds separate transmission service agreements with other entities in accordance with the Cooperative's Open Access Transmission Tariff (OATT) or other pre-OATT agreements. These other transmission service agreements provide for reserved transmission capacity ranging from 2 MW to 40 MW and will remain in effect in accordance with each respective service agreement. In the opinion of management, the Cooperative will be able to provide service in accordance with these agreements.

Transmission Wheeling Agreements - The Cooperative purchases transmission wheeling rights from other entities. There are currently five transmission wheeling agreements under which the Cooperative purchases transmission to provide for deliveries to AEPCO's Class A members, to AEPCO customers with bundled transmission service agreements, and to other potential transmission customers. These transmission wheeling agreements provide for wheeling rights up to 200 MW and expire at various times through 2021.

Other agreements - The Cooperative has an arrangement for the operation and maintenance of certain shared control area services. The agreement was effective in 2001 and was supplemented in December 2004 to provide certain generation schedule balancing services. Either party may terminate the supplement upon six months prior written notice. Under the agreement, the Cooperative receives revenue of \$480,000 per year for the first three years, which can be increased up to 3% per year thereafter.

Lines of credit

Short-term financing - The Cooperative maintains a line of credit for short-term financing with CFC of \$6,000,000 maturing December 28, 2010. Interest rates on all advances under the line of credit will be equal to the total rate per annum as may be fixed by CFC from time to time, which shall not exceed the *Prevailing Bank Prime Rate*, as published in the Money Rates column of *The Wall Street Journal*, plus 1.0% per annum. The bank prime rate at December 31, 2008 was 3.25%. No amounts were drawn under the line of credit at December 31, 2008 and 2007.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies (Continued)

Company credit card program - The Cooperative also maintains a line of credit agreement with CFC for \$250,000 as part of its company credit card program. The agreement was effective July 23, 2004 and will remain in effect until terminated by either party. Interest rates on all advances under the line of credit will be equal to the total rate per annum as may be fixed by CFC from time to time, which shall not exceed the *Prevailing Bank Prime Rate*, as published in the Money Rates column of *The Wall Street Journal*, plus 1.0% per annum. The bank prime rate at December 31, 2008 was 3.25%. No amounts were drawn under the line of credit at December 31, 2008 and 2007.

Note 11 - Income Tax Status

The Cooperative is exempt from income taxes under the provisions of Section 501(c)(12) of the Internal Revenue Code. Pursuant to FSP FIN 48-3, management has elected to defer the application of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, to fiscal years beginning after December 15, 2008. For the years ended December 31, 2008 and 2007 the Cooperative has accounted for uncertain tax positions in accordance with FASB Statement No. 5, Accounting for Contingencies, whereby the effect of the uncertainty would be recorded if the outcome was considered probable and was reasonably estimatable. As of December 31, 2008 and 2007, the Cooperative has no provision for income taxes.

Note 12 - Retirement Plans

The Cooperative has a defined benefit pension plan covering substantially all of its employees. Pension benefits are provided through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security Program. The Cooperative contributes a percentage of salaried and union employees' earnings to the program, as prescribed by NRECA. Contributions made to this plan approximated \$444,000 and \$383,000 for the years ended December 31, 2008 and 2007, respectively. The Cooperative's policy has been to fund retirement costs annually as they accrue.

This multi-employer plan is available to all member cooperatives of NRECA. Information concerning the Cooperative's proportionate share of the excess, if any, of the actuarially computed value of vested benefits over the pension plan's net assets is not available from NRECA; the plan administrator.

The Cooperative also offers participation in the NRECA SelectRE Pension Plan to all employees meeting certain minimum service requirements. This plan has 401(k) salary deferral features. Under this plan, the Cooperative matches a percentage of the employees' contributions to the plan. The Cooperative's contributions to the plan were approximately \$95,000 and \$91,000 for the years ended December 31, 2008 and 2007, respectively.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 13 - Concentration of Customers and Credit Risk

Revenue for the year ended December 31, 2008 included revenue from four members whom each individually represented more than 10% of the total operating revenue. Revenue from these customers collectively represented approximately 80% of total operating revenue for 2008. Accounts receivable related to operating activities at December 31, 2008 included amounts owed from four customers, whom each individually represented 10% or more of the total accounts receivable balance. The amounts owed from these customers collectively represented approximately 80% of the total operating accounts receivable balance at December 31, 2008.

Revenue for the year ended December 31, 2007 included revenue from four members whom each individually represented more than 10% of the total operating revenue. Revenue from these customers collectively represented approximately 87% of total operating revenue for 2007. Accounts receivable related to operating activities at December 31, 2007 included amounts owed from five customers, whom each individually represented 10% or more of the total accounts receivable balance. The amounts owed from these customers collectively represented approximately 91% of the total operating accounts receivable balance at December 31, 2007.

Note 14 - Leases

Office facilities and machinery and equipment - The Cooperative entered into two separate 60-month lease agreements, effective as of August 1, 2001, to lease office facilities and substantially all the machinery and equipment used in the Cooperative's daily operations (See Note 15). On July 27, 2006, the term of these leases were amended to automatically renew for an additional 60 months beginning August 1, 2006, and every five years thereafter. Rent expense for the office facilities and machinery and equipment totaled approximately \$909,000 and \$832,000 for the years ended December 31, 2008 and 2007, respectively.

Network computing equipment - The Cooperative entered into a master lease agreement dated December 14, 2004 for the lease of network computing equipment to be implemented in multiple stages. The Cooperative implemented two stages in 2005, two in 2006 and a final stage in 2008. The original term of each lease schedule is 36 months. The original term of the lease(s) shall automatically be extended on a monthly basis unless either party notifies the other not later than 90 days prior to the end of the original term or 30 days prior to the end of any extended term. Rent expense for the network computing equipment totaled approximately \$80,000 and \$37,000 for the years ended December 31, 2008 and 2007, respectively.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 14 - Leases (Continued)

The following summarizes the future minimum lease payments at December 31, 2008:

2009	\$ 935,869
2010	898,463
2011	848,746
2012	846,827
2013	846,827
	<hr/>
	\$ 4,376,732

Note 15 - Related Parties

The Cooperative is a Class B member of Sierra. Sierra is a member-owned, nonprofit Arizona cooperative corporation organized to provide personnel staffing and energy services and products to its members and other customers. Class B members of Sierra are collectively represented by one director seated on Sierra's board of directors. Each director is entitled to one vote on each matter submitted to a vote at a meeting of the directors (See Note 3).

AEPCO and Sierra are Class B members of the Cooperative. Class B members of the Cooperative are collectively represented by one director seated on the Cooperative's board. Each director is entitled to one vote on each matter submitted to a vote at a meeting of the directors.

The Cooperative has an agreement with Sierra, whereby Sierra provides personnel staffing services (See Note 10 - *Personnel Staffing Agreement*). The Cooperative recorded expenses for personnel staffing services totaling approximately \$7,011,000 and \$6,464,000 for the years ended December 31, 2008 and 2007, respectively. The Cooperative had accounts payable to Sierra totaling approximately \$8,321,000 at December 31, 2008 and \$1,725,000 at December 31, 2007. The Cooperative had accounts receivable from Sierra totaling approximately \$7,778,000 and \$0 at December 31, 2008 and 2007, respectively.

The Cooperative has an agreement with AEPCO for the lease of office facilities and machinery and equipment (See Note 14 - *Office Facilities and Machinery and Equipment*). Rents paid to AEPCO totaled approximately \$909,000 and \$832,000 for the years ended December 31, 2008 and 2007, respectively.

The Cooperative has also entered into agreements with AEPCO for transmission service (See Note 10 - Class A Member Network Service Agreements and AEPCO Bundled Transmission Service Agreements). The Cooperative recorded revenues for these agreements totaling approximately \$14,386,000 and \$19,805,000 for the years ended December 31, 2008 and 2007, respectively. The Cooperative had accounts receivable from AEPCO totaling approximately \$5,845,000 and \$2,038,000 as of December 31, 2008 and 2007, respectively. The Cooperative had accounts payable to AEPCO totaling approximately \$5,512,000 and \$1,496,000 as of December 31, 2008 and 2007, respectively.

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Southwest Transmission Cooperative, Inc.

We have audited the financial statements of Southwest Transmission Cooperative, Inc. (the Cooperative) as of and for the year ended December 31, 2008 and have issued our report thereon dated May 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the Cooperative's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Cooperative's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Cooperative's financial statements that is more than inconsequential will not be prevented or detected by the Cooperative's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Cooperative's Board of Directors and management in a separate letter dated May 13, 2009.

This report is intended solely for the information and use of the Board of Directors and management of the Cooperative, Arizona Corporation Commission and the Rural Utilities Service and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Portland, Oregon
May 13, 2009

C

1 **DIRECT TESTIMONY OF DR. JAY ZARNIKAU**

2 **ON BEHALF OF**

3 **SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

4 **GENERAL RATE APPLICATION**

5

6 **Q. Please state your name and business address.**

7 A. My name is Jay Zarnikau. My business address is 1515 South Capital of
8 Texas Hwy., Suite 110, Austin, Texas 78746.

9

10 **Q. By whom are you employed and in what capacity?**

11 A. I am the President of Frontier Associates LLC ("Frontier"). Frontier
12 provides consulting assistance to energy consumers, electric and gas
13 utilities, and government agencies on topics related to energy economics
14 and pricing, utility cost allocation and rate design, forecasting, resource
15 planning, energy efficiency program design and evaluation, and energy
16 and regulatory policy.

17

18 **Q. Please state briefly your educational background and professional**
19 **qualifications.**

20 A. I have a Ph.D. in Economics from the University of Texas. I completed
21 undergraduate studies in Business Administration and Economics at the
22 State University of New York and McGill University in Canada. From 1983
23 through 1991, I was employed by the Public Utility Commission of Texas
24 ("PUCT"). At the PUCT, I served as the Manager of Economic Analysis
25 from 1985 through 1988; as the Assistant Director of the Electric Division
26 from 1987 to 1988; and as the Director of the Electric Division from
27 September 1988 to 1991. I held a faculty-level research position at The

1 University of Texas Center for Energy Studies from 1991 through 1993. I
2 served as a vice president at Planergy, Inc. from 1992 to 1999. Since
3 1999, I have been President of Frontier.

4
5 Additionally, I have written a number of reports and journal articles on the
6 topics of electric utility resource planning, energy policy, rate design,
7 demand-side management and electric utility restructuring. I also teach
8 graduate-level classes in statistics at the University of Texas as a part-
9 time Visiting Professor.

10
11 **Q. Have you previously testified before regulatory commissions?**

12 **A.** Yes. I have testified before the PUCT in more than 25 matters on behalf
13 of the Commission Staff, electric utilities, and various consumer groups. I
14 have also testified before the Railroad Commission of Texas on natural
15 gas-related issues, in federal and state civil courts in Texas on utility
16 matters, before the Arkansas commission on a rate matter, and before
17 regulatory authorities in West Virginia, Virginia, and Pennsylvania
18 regarding the need for new transmission facilities.

19
20 **Q. Have you previously testified before the Arizona Corporation**
21 **Commission?**

22 **A.** No, I have not.

23
24 **Q. In what capacity and on whose behalf are you employed in this**
25 **proceeding?**

26 **A.** I am appearing on behalf of Southwest Transmission Cooperative, Inc.
27 ("SWTC"), the applicant in this proceeding. The purpose of my testimony
28 is to present the cost allocation and rate design proposed by SWTC and,
29 in particular, support Schedules G and H of the rate filing package.

1 Schedule G presents cost of service information, while Schedule H
2 presents the effects of the proposed tariffs on the organizations to which
3 SWTC provides transmission service or ancillary services.
4

5 **Q. Please describe Section G of the Schedules.**

6 A. Schedule G-1 provides a cost of service summary for the adjusted test
7 year based upon present rates. Present rates produced about \$170,000
8 in negative margins and a negative rate of return. Schedule G-2 provides
9 a cost of service summary for the adjusted test year based upon the
10 proposed rates. They would produce net margins of approximately \$7.5
11 million and a 9.39% rate of return. Schedule G-2A sets forth the
12 computation of the proposed rates for transmission services. These rates
13 are consistent with Federal Energy Regulatory Commission ("FERC")
14 Order 888, which requires that a transmitting utility offer firm or non-firm
15 Point-to-Point and firm Network service transmission on a non-
16 discriminatory open access basis. Under Section 211 of the Federal
17 Power Act, customers can seek transmission services from transmitting
18 utilities like SWTC and FERC requires these utilities to provide
19 comparable access to the national grid.
20

21 Schedule G-2A, page 1, sets forth the derivation of SWTC's annual
22 transmission revenue requirement, which equals total operating expenses
23 less other revenues plus margin requirements. Schedule G-2A, page 2,
24 provides a summary of the proposed transmission service rates for the
25 firm Point-to-Point and Network services offered by SWTC. In addition,
26 the schedule lists the proposed rates for mandatory and optional ancillary
27 services.
28

1 Schedule G-2A, pages 3 and 4, shows the calculation of the firm Point-to-
2 Point rate, which results from dividing the annual transmission revenue
3 requirement by the product of the coincidental peak demand multiplied by
4 12. The Network services revenue requirement is calculated by
5 subtracting the Point-to-Point revenues from the annual transmission
6 revenue requirement. The Network service proposed rate set forth on
7 Schedule G-2A, page 2, is then obtained by dividing the Network services
8 revenue requirement by 12 months and each Network services customer
9 is billed each month by multiplying the Network service proposed rate by
10 their respective load ratio share percentage. The load ratio share
11 percentage is obtained by dividing the Network services rolling 12-month
12 average transmission demand by the total of all Network service
13 customers' rolling 12-month average transmission demand.
14 Schedule G-2A, page 4, adjusts the calculation in G-2A, page 3, for the
15 impact of a contract between SWTC and Mohave Electric Cooperative,
16 Inc. ("MEC") which insulates that member cooperative from certain costs
17 associated with system improvements which do not directly benefit MEC.

18
19 Schedule G-2A, page 5, shows the calculation of the mandatory
20 Schedule 1 system control and load dispatch proposed ancillary service
21 rate. This rate is arrived at by dividing certain costs associated with
22 providing these services by the quantity of generating capacity through
23 which these services are provided. Annual numbers are divided by 12 to
24 derive the monthly values. Schedule G-2A, page 6, sets forth the
25 calculation of the proposed mandatory Schedule 2 ancillary service rate
26 for reactive power (VAR) support/voltage control. It is based upon costs
27 provided by the Arizona Electric Power Cooperative, Inc. ("AEPCO"),
28 which appear on G-2A, pages 7, 8, and 9. Schedule G-2A, page 10,
29 shows the derivation of the proposed rate for the optional Schedule 4

1 ancillary service (Energy Imbalance) which is also based upon cost
2 information provided by AEPCO.

3
4 Schedule G-2A, page 11, calculates the revenues that SWTC should
5 obtain from each of its contracts with the member distribution cooperatives
6 based on the proposed rates, while Schedule G-2A, page 12, provides this
7 information based on existing rates, which are presented in
8 Schedule G-2A, page 13. Schedule G-2A, page 14, calculates the
9 revenues to be collected from each customer of SWTC for providing
10 Schedule 1 system control and load dispatch ancillary services. This
11 amount is used to reduce the amount of revenues that SWTC collects
12 through transmission rates, so that rates are designed to meet the
13 targeted level of revenue requirements.

14
15 **Q. Please describe Section H of the Schedules.**

16 **A.** The H Schedules show the effect of the proposed rate tariff schedules on
17 the revenues generated by sales to SWTC's Network and Point-to-Point
18 customers. Schedule H-1 summarizes the revenues generated by present
19 rates and the proposed rates for the test year ending March 31, 2009.
20 This schedule shows that present rates would generate revenues from
21 sales of transmission to Network services and Point-to-Point customers of
22 \$25,812,881 and that the proposed rates instead would generate
23 revenues of \$33,466,300. Thus, the proposed rates are expected to
24 produce additional revenues of \$7,653,419 compared to the present rates.
25 Schedule H-2, page 1, compares revenues generated by the present and
26 proposed rates for each of the Class A Members as well as the other
27 Network services customers. Pages 2 through 11 of Schedule H-2
28 analyze the revenues generated on a monthly basis for each of the
29 Network services customers. Pages 12-16 provide summaries of this

1 information. Schedules H-3, H-4 and H-5 are not applicable to SWTC,
2 because the cooperative does not provide retail electric service.

3
4 **Q. Is SWTC proposing any changes to the cost allocation and rate**
5 **design approaches which were approved by the Commission in**
6 **SWTC's prior rate case?**

7 A. No. SWTC is not recommending any changes to the methods used to
8 complete Schedules G and H in the prior rate case, nor is it suggesting
9 any change to the rate design which has been used since SWTC
10 commenced operations in 2001. We have updated the information in the
11 schedules presented in the 2004 rate case to reflect the updated cost
12 information and billing determinants discussed in Mr. Pierson's testimony
13 and presented in Schedules A through F.

14
15 **Q. Please summarize the rates which SWTC requests that the**
16 **Commission approve.**

17 A. The primary rates that SWTC requests approval of are (a) the Network
18 Services Rate's monthly revenue requirement of \$2,247,574; (b) the Point-
19 to-Point Services Rate of \$3.709/kW month; and (c) a System Control and
20 Load Dispatch Rate of \$0.245/kW month.

21
22 **Q. Does this conclude your direct testimony?**

23 A. Yes, it does.



**Southwest
Transmission**
COOPERATIVE, INC

P.O. BOX 2195 • BENSON, ARIZONA 85602 • (520) 586-5599 • swtransco.coop

BEFORE THE ARIZONA CORPORATION COMMISSION

A.A.C. R14-2103-B SCHEDULES

IN SUPPORT OF

THE SOUTHWEST TRANSMISSION COOPERATIVE, INC.

RATE APPLICATION

DOCKET NO. E-04100A

OCTOBER 2009

Southwest Transmission Cooperative, Inc.

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Southwest Transmission Cooperative, Inc.

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A

Southwest Transmission Cooperative, Inc.

SCHEDULE A-1

Computation Of Increase In Gross Revenue Requirements

Test Year Ended 3/31/2009

LINE NO.	ORIGINAL COST		
1. ADJUSTED RATE BASE	\$ 79,668,372 (a)		
2. ADJUSTED OPERATING INCOME (MARGINS)	(169,830) (b)		
3. CURRENT RATE OF RETURN	-0.21%		
4. REQUIRED OPERATING INCOME (MARGINS)	7,483,591 (c)		
5. REQUIRED RATE OF RETURN	9.39%		
6. OPERATING INCOME DEFICIENCY	\$ 7,653,421		
7. INCREASE (DECREASE) IN GROSS REV. REQUIREMENTS	\$ 7,653,421		
CUSTOMER CLASSIFICATION	PROJECTED REVENUE INC. DUE TO RATES	% DOLLAR INCREASE	
	(d)	(d)	
8. NETWORK SERVICES	\$ 7,426,241	33.26%	
9. POINT-TO-POINT SERVICES	227,180	6.52%	
10. TOTAL	\$ 7,653,421	29.65%	

SUPPORTING SCHEDULES:

- (a) B-1, Line 9
- (b) A-2, Line 3
- (c) G-2, Line 8
- (d) H-1

Southwest Transmission Cooperative, Inc.

SCHEDULE A-2

Summary Results of Operations

LINE NO.	-PRIOR YEARS-		3/31/2009		3/31/2009	
	3/31/2007	3/31/2008	TEST YEAR ACTUAL	TEST YEAR ADJUSTED	TEST YEAR ADJUSTED	PROPOSED RATES
	(a)	(a)	(a)	(b)	(b)	(c)
1. GROSS REVENUE	\$ 34,054,428	\$ 35,934,608	\$ 37,698,829	\$ 27,777,227	\$ 35,430,648	
2. OPERATING EXPENSES	29,181,072	29,360,625	28,412,184	27,947,057	27,947,057	
3. ELECTRIC OPERATING INCOME (MARGINS)	4,873,356	6,573,983	9,286,645	(169,830)	7,483,591	
4. TOTAL INTEREST & OTHER DEDUCTIONS	4,552,979	4,392,154	4,659,832	4,761,153	4,761,153	
5. TOTAL OTHER NON OPERATING INCOME	642,781	585,915	100,898	100,898	100,898	
5a. EXTRAORDINARY ITEMS	-	-	-	-	-	
6. NET INCOME (MARGINS)	\$ 963,143	\$ 2,767,748	\$ 4,727,711	\$ (4,830,085)	\$ 2,823,336	
7. THROUGH 14.	NOT APPLICABLE					
15. TIMES TOTAL INTEREST EARNED (TIER)	1.20	1.55	1.97	0.03	1.56	
16. DEBT SERVICE COVERAGE (DSC)	1.02	1.06	1.15	0.50	1.35	

SUPPORTING SCHEDULES:

- (a) E-2, Pages 1-2
- (b) C-1, Pages 3-4
- (c) F-1, Pages 1-2

Southwest Transmission Cooperative, Inc.
Summary of Capital Structure

SCHEDULE A-3

LINE NO.	DESCRIPTION:	PRIOR YEARS		ACTUAL TEST YEAR	END OF PROJECTED YR
		3/31/2007	3/31/2008	3/31/2009	3/31/2010
1.	SHORT-TERM DEBT	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
2.	LONG-TERM DEBT	97,419,049	97,869,400	101,120,306	107,889,918
3.	TOTAL DEBT (a)	97,419,049	97,869,400	103,120,306	109,889,918
4.	PREFERRED STOCK	-	-	-	-
5.	MARGINS AND EQUITY (b)	2,881,633	5,649,377	10,377,088	13,200,424
6.	TOTAL CAPITAL	100,300,682	103,518,777	113,497,394	123,090,342
CAPITALIZATION RATIOS: (%)					
7.	SHORT-TERM DEBT	0.00%	0.00%	1.76%	1.62%
8.	LONG-TERM DEBT	97.13%	94.54%	89.09%	87.65%
9.	TOTAL DEBT	97.13%	94.54%	90.86%	89.28%
10.	PREFERRED STOCK	0.00%	0.00%	0.00%	0.00%
11.	MARGINS AND EQUITY	2.87%	5.46%	9.14%	10.72%
		100.00%	100.00%	100.00%	100.00%
12.	WEIGHTED COST OF SHORT TERM DEBT	0.00%	0.00%	4.25%	4.25%
13.	WEIGHTED COST OF LONG TERM DEBT	5.06%	5.03%	4.94%	4.89%
14.	WEIGHTED COST OF SENIOR CAPITAL	NOT APPLICABLE			

SUPPORTING SCHEDULES:

(a) D-2

(b) E-1, Page 2, Line 25

Southwest Transmission Cooperative, Inc.
Construction Expenditures and Gross Utility Plant in Service

SCHEDULE A-4

<u>LINE NO.</u>		<u>CONSTRUCTION EXPENDITURES</u>		<u>NET PLANT ADDITIONS</u>		<u>GROSS UTILITY PLANT IN SERVICE</u>	
1.	3/31/2007	\$ 12,897,366	(a)	\$ 2,837,589	\$	134,273,265	(c)
2.	3/31/2008	13,242,108	(a)	8,041,756		142,315,021	(c)
3.	3/31/2009	15,655,592	(a)	4,238,349		146,553,370	(c)
4.	3/31/2010	16,761,277	(b)	10,923,881		157,477,251	
5.	3/31/2011	44,908,011	(b)	16,761,277		174,238,528	
6.	3/31/2012	\$ 15,025,712	(b)	\$ 44,908,011	\$	219,146,539	

SUPPORTING SCHEDULES:

- (a) E-3, Line 14
- (b) F-3, Line 3
- (c) E-1, Page 1, Line 1

Southwest Transmission Cooperative, Inc.
Summary of Changes in Financial Position

SCHEDULE A-5

LINE NO.	- PRIOR YEARS (a) -		TEST YEAR 3/31/2009	12 MOS. ENDED 3/31/2009	
	3/31/2007	3/31/2008		PRESENT RATES (b)	PROPOSED RATES (b)
1.	NET CASH PROVIDED BY OPERATING ACTIVITIES				
	\$ 8,430,766	\$ 11,591,078	\$ 8,862,662	\$ (695,134)	\$ 6,958,287
2.	NET CASH USED IN INVESTING ACTIVITIES				
	(12,987,966)	(13,247,755)	(15,667,772)	(15,667,772)	(15,667,772)
3.	NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES				
	1,296,493	765,757	3,607,659	3,607,659	3,607,659
4.	NET DECREASE IN CASH AND CASH EQ.				
	\$ (3,260,707)	\$ (890,920)	\$ (3,197,451)	\$ (12,755,247)	\$ (5,101,826)

SUPPORTING SCHEDULES:

- (a) E-3
- (b) F-2

B

Southwest Transmission Cooperative, Inc.
Summary Of Original Cost Rate Base

SCHEDULE B-1

<u>LINE NO.</u>	<u>ORIGINAL COST RATE BASE*</u>
1. GROSS UTILITY PLANT IN SERVICE	\$ 146,553,370 (a)
2. LESS: ACCUMULATED DEPRECIATION & AMORT.	(69,091,935) (b)
3. NET UTILITY PLANT IN SERVICE	<u>77,461,435 (b)</u>
LESS:	
4. CUSTOMER ADVANCES FOR CONSTRUCTION	-
5. CONTRIBUTIONS IN AID OF CONSTRUCTION	-
6. ADD: ALLOWANCE FOR WORKING CAPITAL	1,829,723 (c)
7. PLANT HELD FOR FUTURE USE	377,214 (d)
8. DEFERRED DEBITS	<u>- (e)</u>
9. TOTAL RATE BASE	<u>\$ 79,668,372 (f)</u>

• INCLUDES PRO FORMA ADJUSTMENTS

SUPPORTING SCHEDULES:

(a) B-2, Line 8
(b) B-2, Line 11-12
(c) B-5, Line 2
(d) E-5, Page 2
(e) E-1, Page 1

RECAP SCHEDULE:

(f) A-1

Southwest Transmission Cooperative, Inc.
Summary Of Original Cost Rate Base

SCHEDULE B-2

LINE NO.	ACTUAL AT END OF TEST YEAR 3/31/2009 (a)	PRO FORMA ADJUSTMENTS 3/31/2009 (a)	ADJUSTED AT END OF TEST YEAR 3/31/2009
TRANSMISSION:			
1. GROSS PLANT	\$ 129,866,218	\$ -	\$ 129,866,218
2. ACCUMULATED DEPRECIATION	(60,986,081)	-	(60,986,081)
3. NET PLANT	<u>68,880,137</u>	<u>-</u>	<u>68,880,137</u>
GENERAL & INTANGIBLE:			
4. GROSS PLANT	16,687,152	-	16,687,152
5. ACCUMULATED DEPRECIATION	(6,472,037)	-	(6,472,037)
6. NET PLANT	<u>10,215,115</u>	<u>-</u>	<u>10,215,115</u>
7. RWIP	<u>140,137</u>	<u>-</u>	<u>140,137</u>
8. TOTAL GROSS PLANT	146,553,370	-	146,553,370 (b)
9. TOTAL ACCUM. DEP. & RWIP	(67,317,981)	-	(67,317,981)
10. ACCUMULATED AMORTIZATION	(1,773,954)	-	(1,773,954)
11. TOTAL ACCUM DEP. & AMORT.	<u>(69,091,935)</u>	<u>-</u>	<u>(69,091,935)</u>
12. TOTAL NET PLANT	<u>\$ 77,461,435</u>	<u>\$ -</u>	<u>\$ 77,461,435</u>

SUPPORTING SCHEDULES:

(a) E-5, Pages 1-2

RECAP SCHEDULE:

(b) B-1

Southwest Transmission Cooperative, Inc.
RCND Rate Base Pro Forma Adjustments

SCHEDULE B-3

LINE NO.	ACTUAL AT END OF TEST YEAR 3/31/2009 (a)	PRO FORMA ADJUSTMENTS 3/31/2009 (a)	ADJUSTED AT END OF TEST YEAR 3/31/2009 (a) (b)
1. GROSS UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -
2. LESS: ACCUMULATED DEPRECIATION	-	-	-
3. NET UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -

SUPPORTING SCHEDULES:
(a) B-4

RECAP SCHEDULE:
(b) B-1

Southwest Transmission Cooperative, Inc.
RCND By Major Plant Accounts

SCHEDULE B-4

LINE NO.		RCND	DEPRECIATION	RCND	PRO FORMA ADJUSTMENT	ADJUSTED RCND
	INTANGIBLE PLANT:					
1.	301 ORGANIZATION	\$ -	\$ -	\$ -	\$ -	\$ -
2.	114 ACQUISITION ADJUSTMENT	-	-	-	-	-
3.	302 FRANCHISE AND CONSENT	-	-	-	-	-
4.	303 MISC. INTANGIBLE PLANT	-	-	-	-	-
5.	SUBTOTAL INTANGIBLE	-	-	-	-	-
	TRANSMISSION PLANT:					
6.	350 LAND AND LAND RIGHTS	-	-	-	-	-
7.	352 STRUCTURES AND IMPROVEMENTS	-	-	-	-	-
8.	353 STATION EQUIPMENT	-	-	-	-	-
9.	354 TOWERS & FIXTURES	-	-	-	-	-
10.	355 POLES & FIXTURES	-	-	-	-	-
11.	356 OVERHEAD CONDUCTORS & DEVICES	-	-	-	-	-
12.	359 ROADS & TRAILS	-	-	-	-	-
13.	SUBTOTAL TRANSMISSION PLANT	-	-	-	-	-
	GENERAL PLANT:					
14.	389 LAND AND LAND RIGHTS	-	-	-	-	-
15.	390 STRUCTURES AND IMPROVEMENTS	-	-	-	-	-
16.	391 OFFICE FURNITURE & EQUIPMENT	-	-	-	-	-
17.	392 TRANSPORTATION EQUIPMENT	-	-	-	-	-
18.	393 STORES EQUIPMENT	-	-	-	-	-
19.	394 TOOLS, SHOP & GARAGE EQUIPMENT	-	-	-	-	-
20.	395 LABORATORY EQUIPMENT	-	-	-	-	-
21.	396 POWER OPERATED EQUIPMENT	-	-	-	-	-
22.	397 COMMUNICATION EQUIPMENT	-	-	-	-	-
23.	398 MISCELLANEOUS EQUIPMENT	-	-	-	-	-
24.	399 OTHER TANGIBLE PLANT	-	-	-	-	-
25.	SUBTOTAL GENERAL PLANT	-	-	-	-	-
30.	SUBTOTAL GENERAL	-	-	-	-	-
31.	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

Southwest Transmission Cooperative, Inc.
Computation Of Working Capital

SCHEDULE B-5
Page 1 of 4

**LINE
NO.**

1.	CASH WORKING CAPITAL	\$	-	(a)
2.	MATERIALS AND SUPPLIES		1,829,723	(b)
3.	PREPAYMENTS		-	(c)
4.	CFC CERTIFICATES & BONDS		<u>-</u>	
5.	TOTAL WORKING CAPITAL		<u><u>\$1,829,723</u></u>	(d)

SUPPORTING SCHEDULES:

(a) B-5, Page 2
(b) B-5, Page 3
(c) B-5, Page 4

RECAP SCHEDULE:

(d) B-1, Line 6

Southwest Transmission Cooperative, Inc.
Computation of Cash Working Capital

SCHEDULE B-5
Page 2 of 4

LINE
NO.

1.	TOTAL PRO FORMA O&M EXPENSES EXCL PRO FORMA FUEL & OTHER EXP	\$	-
	NET OTHER O&M EXPENSE LAG		
2.	A. DAYS		-
3.	B. PERCENT	0.00%	
4.	CASH WORKING CAPITAL OTHER THAN FUEL		-
5.	FUEL EXPENSE		-
	FUEL EXPENSE LAG:		
6.	A. LAG IN REVENUES (DAYS)		-
7.	B. LAG IN EXPENSES (DAYS)		-
8.	C. NET LAG -DAYS		-
9.	D. PERCENT	0.00%	
10.	CASH WORKING CAPITAL FUEL		-
11.	TOTAL CASH WORKING CAPITAL	\$	- (a)

SUPPORTING SCHEDULES:

RECAP SCHEDULE:
(a) B-5, Page 1

Southwest Transmission Cooperative, Inc.
Computation of Materials & Supplies Working Capital

SCHEDULE B-5
Page 3 of 4

LINE NO.	PER BOOKS	PRO FORMA ADJUSTMENTS	AS ADJUSTED
1. MARCH (Prior Yr)	\$ 1,808,993		
2. APRIL	1,734,433	\$ -	\$ 1,771,713
3. MAY	1,676,776	-	1,705,605
4. JUNE	1,757,685	-	1,717,231
5. JULY	1,759,197	-	1,758,441
6. AUGUST	1,778,090	-	1,768,644
7. SEPTEMBER	1,786,303	-	1,782,197
8. OCTOBER	1,796,459	-	1,791,381
9. NOVEMBER	1,752,734	-	1,774,597
10. DECEMBER	2,020,194	-	1,886,464
11. JANUARY	2,007,254	-	2,013,724
12. FEBRUARY	1,990,694	-	1,998,974
13. MARCH	1,984,714	-	1,987,704
14. TOTAL	<u>\$ 23,853,526</u>	<u>\$ -</u>	<u>\$ 21,956,673</u>
15. 12-MONTH AVERAGE		\$ -	\$ 1,829,723 (a)

SUPPORTING SCHEDULES:

RECAP SCHEDULE:
(a) B-5, Page 1

Southwest Transmission Cooperative, Inc.
Computation of Prepayments Working Capital

SCHEDULE B-5
Page 4 of 4

LINE NO.	PER BOOKS	PRO FORMA ADJUSTMENTS	AS ADJUSTED
1. DECEMBER (Prior Yr)		\$ -	\$ -
2. JANUARY		-	-
3. FEBRUARY		-	-
4. MARCH		-	-
5. APRIL		-	-
6. MAY		-	-
7. JUNE		-	-
8. JULY		-	-
9. AUGUST		-	-
10. SEPTEMBER		-	-
11. OCTOBER		-	-
12. NOVEMBER		-	-
13. DECEMBER		-	-
14. TOTAL	\$0	\$ -	\$0
15. 13-MONTH AVERAGE	\$0	\$ -	\$0 (a)

SUPPORTING SCHEDULES:

RECAP SCHEDULE:
(a) B-5, Page 1

C

Southwest Transmission Cooperative, Inc.
Reclassified Test Year End Income Statement

SCHEDULE C-1
Page 1 of 4

LINE NO.	TEST YEAR 3/31/2009 (a)	RECLASS ADJUST. (b)	RECLASS TEST YEAR 3/31/2009 (c)
REVENUES:			
1. NETWORK TRANSMISSION SERVICE	\$ 19,299,096	\$ -	\$ 19,299,096
2. POINT-TO-POINT	10,174,626	-	10,174,626
3. TOTAL ELECTRIC REVENUE	29,473,722	-	29,473,722
4. LOAD DISPATCH & SYSTEM CONTROL	2,400,138	-	2,400,138
5. DIRECT ASSIGNMENT FACILITIES	1,548,761	(3,443)	1,545,318
6. REGULATORY ASSET CHARGE	-	-	-
7. OTHER OPERATING REVENUE	1,078,408	-	1,078,408
8. ANCILLARY SERVICES FROM AEP CO	1,304,992	(1,304,992)	-
9. SPECIAL CONTRACTS	1,892,808	-	1,892,808
10. TOTAL OPERATING REVENUE	37,698,829	(1,308,435)	36,390,394
OPERATING EXPENSES:			
11. OPERATIONS			
12. - ENERGY A/C 555	-	-	-
13. A/C 556	4,728,278	(457,973)	4,270,305
14. A/C 557	-	-	-
15. TRANSMISSION			
16. A/C 560	2,910,635	-	2,910,635
17. A/C 561	6,593	-	6,593
18. A/C 562	967,271	(735,209)	232,062
19. A/C 563	937,886	(698,683)	239,203
20. A/C 565	5,796,657	(959,622)	4,837,035
21. A/C 566	59,018	(56,396)	2,622
22. A/C 567	-	-	-
23. ADMINISTRATIVE & GENERAL	4,209,758	(84,417)	4,125,341
24. TOTAL OPERATIONS	19,616,096	(2,992,300)	16,623,796
25. MAINTENANCE			
26. A/C 568	1,827,064	-	1,827,064
27. A/C 569	7,501	-	7,501
28. A/C 570	934,030	-	934,030
29. A/C 571	1,262,443	-	1,262,443
30. A/C 573	170,922	-	170,922
31. GENERAL PLANT	281,278	-	281,278
32. TOTAL MAINTENANCE	\$4,483,238	\$0	\$4,483,238

Southwest Transmission Cooperative, Inc.
Reclassified Test Year End Income Statement

SCHEDULE C-1
Page 2 of 4

LINE NO.	TEST YEAR 3/31/2009 (a)	RECLASS ADJUST. (b)	RECLASS TEST YEAR 3/31/2009 (c)
OTHER:			
33. DEPRECIATION & AMORTIZATION	4,312,850	-	4,312,850
34. ACC GROSS REVENUE TAXES	-	-	-
35. OTHER TAXES	-	1,683,865	1,683,865
36. TOTAL OTHER	4,312,850	1,683,865	5,996,715
37. TOTAL OPERATING EXPENSES	28,412,184	(1,308,435)	27,103,749
38. OPERATING INCOME (MARGINS)	9,286,645	-	9,286,645
INTEREST & OTHER DEDUCTIONS:			
39. LONG-TERM DEBT	4,898,007	-	4,898,007
40. INTEREST CHARGED TO CONSTR	(488,105)	-	(488,105)
41. OTHER INTEREST EXPENSE	248,531	-	248,531
42. OTHER DEDUCTIONS	1,399	-	1,399
43. TOTAL INTEREST EXPENSE	4,659,832	-	4,659,832
44. MARGIN AFTER INTEREST EXPENSE	4,626,813	-	4,626,813
OTHER NON OPERATING INCOME:			
45. INTEREST INCOME	88,194	-	88,194
46. AFUDC	-	-	-
47. OTHER NONOPERATING INCOME	12,704	-	12,704
48. TOTAL OTHER INCOME & DEDUCT	100,898	-	100,898
49. EXTRAORDINARY ITEMS	-	-	-
50. NET INCOME (MARGINS)	\$ 4,727,711	\$ -	\$ 4,727,711

SUPPORTING SCHEDULES:
(a) E-2

RECAP SCHEDULE:
(c) A-2

Southwest Transmission Cooperative, Inc.

Adjusted Test Year End Income Statement

SCHEDULE C-1

Page 3 of 4

LINE NO.		RECL TEST YR 3/31/2009 (a)	PRO FORMA ADJUST. (b)	ADJ TEST YR 3/31/2009 (c)
REVENUES:				
1.	NETWORK TRANSMISSION SERVICE	\$ 19,299,096	\$ -	\$ 19,299,096
2.	POINT-TO-POINT	10,174,626	(6,961,264)	3,213,362
3.	TOTAL ELECTRIC REVENUE	29,473,722	(6,961,264)	\$22,512,458
4.	LOAD DISPATCH & SYSTEM CONTROL	2,400,138	(574,395)	1,825,743
5.	DIRECT ASSIGNMENT FACILITIES	1,545,318	-	1,545,318
6.	REGULATORY ASSET CHARGE	0	-	0
7.	OTHER OPERATING REVENUE	1,078,408	(480,000)	598,408
8.	ANCILLARY SERVICES FROM AEP CO	-	-	-
9.	SPECIAL CONTRACTS	1,892,808	(597,508)	1,295,300
10.	TOTAL OPERATING REVENUE	36,390,394	(8,613,167)	27,777,227
OPERATING EXPENSES:				
11.	OPERATIONS			
12.	- ENERGY A/C 555	-	-	-
13.	A/C 556	4,270,305	248,956	4,519,261
14.	A/C 557	0	-	0
15.	TRANSMISSION			
16.	A/C 560	2,910,635	153,334	3,063,969
17.	A/C 561	6,593	-	6,593
18.	A/C 562	232,062	50,918	282,980
19.	A/C 563	239,203	49,338	288,541
20.	A/C 565	4,837,035	(95,425)	4,741,610
21.	A/C 566	2,622	3,107	5,729
22.	A/C 567	0	-	-
23.	ADMINISTRATIVE & GENERAL	4,125,341	197,023	4,322,364
24.	TOTAL OPERATIONS	16,623,796	607,251	17,231,047
25.	MAINTENANCE			
26.	A/C 568	1,827,064	96,781	1,923,845
27.	A/C 569	7,501	-	7,501
28.	A/C 570	934,030	49,182	983,212
29.	A/C 571	1,262,443	66,452	1,328,895
30.	A/C 573	170,922	8,846	179,768
31.	GENERAL PLANT	281,278	14,796	296,074
32.	TOTAL MAINTENANCE	\$ 4,483,238	\$ 236,057	\$ 4,719,295

Southwest Transmission Cooperative, Inc.
Adjusted Test Year End Income Statement

SCHEDULE C-1
Page 4 of 4

<u>LINE NO.</u>	<u>RECL TEST YR 3/31/2009 (a)</u>	<u>PRO FORMA ADJUST. (b)</u>	<u>ADJ TEST YR 3/31/2009 (c)</u>
OTHER:			
33. DEPRECIATION & AMORTIZATION	4,312,850	-	4,312,850
34. ACC GROSS REVENUE TAXES	-	-	-
35. OTHER TAXES	1,683,865	-	1,683,865
36. TOTAL OTHER	5,996,715	-	5,996,715
37. TOTAL OPERATING EXPENSES	27,103,749	843,308	27,947,057
38. OPERATING INCOME (MARGINS)	9,286,645	(9,456,475)	(169,830)
INTEREST & OTHER DEDUCTIONS:			
39. LONG-TERM DEBT	4,898,007	101,321	4,999,328
40. INTEREST CHARGED TO CONSTR	(488,105)	-	(488,105)
41. OTHER INTEREST EXPENSE	248,531	-	248,531
42. OTHER DEDUCTIONS	1,399	-	1,399
43. TOTAL INTEREST EXPENSE	4,659,832	101,321	4,761,153
44. MARGIN AFTER INTEREST EXPENSE	4,626,813	(9,557,796)	(4,930,983)
OTHER NON OPERATING INCOME:			
45. INTEREST INCOME	88,194	-	88,194
46. AFUDC	-	-	-
47. OTHER NONOPERATING INCOME	12,704	-	12,704
48. TOTAL OTHER INCOME & DEDUC	100,898	-	100,898
49. EXTRAORDINARY ITEMS	-	-	-
50. NET INCOME (MARGINS)	\$ 4,727,711	\$ (9,557,796)	\$ (4,830,085)

SUPPORTING SCHEDULES:
(a) E-2

RECAP SCHEDULE:
(c) A-2

Southwest Transmission Cooperative, Inc.
Reclassification Adjustments

SCHEDULE C-2
Page 1 of 8

LINE NO.		RECLASSIFY AEP CO REVENUES (a)	RECLASSIFY PROP. TAXES ADJUST. (a)	RECLASSIFY ANZA SCE WHEELING (a)	TOTAL
REVENUES:					
1.	NETWORK TRANSMISSION SERVICE	\$ -	\$ -	\$ -	-
2.	POINT-TO-POINT	-	-	-	-
3.	TOTAL ELECTRIC REVENUE	-	-	-	-
4.	LOAD DISPATCH & SYSTEM CONTROL	-	-	-	-
5.	DIRECT ASSIGNMENT FACILITIES	-	-	(3,443)	(3,443)
6.	REGULATORY ASSET CHARGE	-	-	-	-
7.	OTHER OPERATING REVENUE	-	-	-	-
8.	ANCILLARY SERVICES FROM AEP	(1,304,992)	-	-	(1,304,992)
9.	SPECIAL CONTRACTS	-	-	-	-
10.	TOTAL OPERATING REVENUE	(1,304,992)	-	(3,443)	(1,308,435)
OPERATING EXPENSES:					
11.	OPERATIONS				
12.	- ENERGY A/C 555	-	-	-	-
13.	A/C 556	(348,813)	(109,160)	-	(457,973)
14.	A/C 557	-	-	-	-
15.	TRANSMISSION				
16.	A/C 560	-	-	-	-
17.	A/C 561	-	-	-	-
18.	A/C 562	-	(735,209)	-	(735,209)
19.	A/C 563	-	(698,683)	-	(698,683)
20.	A/C 565	(956,179)	-	(3,443)	(959,622)
21.	A/C 566	-	(56,396)	-	(56,396)
22.	A/C 567	-	-	-	-
23.	ADMINISTRATIVE & GENERAL	-	(84,417)	-	(84,417)
24.	TOTAL OPERATIONS	(1,304,992)	(1,683,865)	(3,443)	(2,992,300)
25.	MAINTENANCE				
26.	A/C 568	-	-	-	-
27.	A/C 569	-	-	-	-
28.	A/C 570	-	-	-	-
29.	A/C 571	-	-	-	-
30.	A/C 573	-	-	-	-
31.	GENERAL PLANT	-	-	-	-
32.	TOTAL MAINTENANCE	\$ -	\$ -	\$ -	-

Southwest Transmission Cooperative, Inc.
Reclassification Adjustments

SCHEDULE C-2
Page 2 of 8

LINE NO.		RECLASSIFY AEPCO REVENUES (a)	RECLASSIFY PROP. TAXES ADJUST. (a)	RECLASSIFY ANZA SCE WHEELING (a)	TOTAL
	OTHER:				
33.	DEPRECIATION & AMORTIZATION	-	-	-	-
34.	ACC GROSS REVENUE TAXES	-	-	-	-
35.	OTHER TAXES	-	1,683,865	-	1,683,865
36.	TOTAL OTHER	-	1,683,865	-	1,683,865
37.	TOTAL OPERATING EXPENSES	(1,304,992)	-	(3,443)	(1,308,435)
38.	OPERATING INCOME (MARGINS)	-	-	-	-
	INTEREST & OTHER DEDUCTIONS:				
39.	LONG-TERM DEBT	-	-	-	-
40.	INTEREST CHARGED TO CONSTR	-	-	-	-
41.	OTHER INTEREST EXPENSE	-	-	-	-
42.	OTHER DEDUCTIONS	-	-	-	-
43.	TOTAL INTEREST EXPENSE	-	-	-	-
44.	MARGIN AFTER INTEREST EXPENSE	-	-	-	-
	OTHER NON OPERATING INCOME:				
45.	INTEREST INCOME	-	-	-	-
46.	AFUDC	-	-	-	-
47.	OTHER NON-OPERATING INCOME	-	-	-	-
48.	TOTAL OTHER INCOME & DEDUC	-	-	-	-
49.	EXTRAORDINARY ITEMS	-	-	-	-
50.	NET INCOME (MARGINS)	\$ -	\$ -	\$ -	\$ -

SUPPORTING SCHEDULES:

RECAP SCHEDULE:
(a) C-1

Southwest Transmission Cooperative, Inc.

Pro Forma Adjustments

SCHEDULE C-2

Page 3 of 8

LINE NO.		1 AEPCO City of Mesa P-t-P Termination Adjustment (a)	2 Thatcher Network Conversion Adjustment (a)	3 Additional Network Services Adjustment (a)	4 TEP Non- Firm Point-to-Point Adjustment (a)
REVENUES:					
1.	NETWORK TRANSMISSION SERVICE	\$ -	\$ -	\$ -	\$ -
2.	POINT-TO -POINT	(462,105)	(213,696)	(798,394)	-
3.	TOTAL ELECTRIC REVENUE	(462,105)	(213,696)	(798,394)	-
4.	LOAD DISPATCH & SYSTEM CONTROL	(39,015)	-	-	(50,438)
5.	DIRECT ASSIGNMENT FACILITIES	-	-	-	-
6.	REGULATORY ASSET CHARGE	-	-	-	-
7.	OTHER OPERATING REVENUE	-	-	-	-
8.	ANCILLARY SERVICES FROM AEPCO	-	-	-	-
9.	SPECIAL CONTRACTS	-	-	-	(597,508)
10.	TOTAL OPERATING REVENUE	(501,120)	(213,696)	(798,394)	(647,946)
OPERATING EXPENSES:					
11.	OPERATIONS				
12.	- ENERGY A/C 555	-	-	-	-
13.	A/C 556	-	-	-	-
14.	A/C 557	-	-	-	-
15.	TRANSMISSION				
16.	A/C 560	-	-	-	-
17.	A/C 561	-	-	-	-
18.	A/C 562	-	-	-	-
19.	A/C 563	-	-	-	-
20.	A/C 565	-	-	(95,425)	-
21.	A/C 566	-	-	-	-
22.	A/C 567	-	-	-	-
23.	ADMINISTRATIVE & GENERAL	-	-	-	-
24.	TOTAL OPERATIONS	-	-	(95,425)	-
25.	MAINTENANCE				
26.	A/C 568	-	-	-	-
27.	A/C 569	-	-	-	-
28.	A/C 570	-	-	-	-
29.	A/C 571	-	-	-	-
30.	A/C 573	-	-	-	-
31.	GENERAL PLANT	-	-	-	-
32.	TOTAL MAINTENANCE	\$ -	\$ -	\$ -	\$ -

Southwest Transmission Cooperative, Inc.
Pro Forma Adjustments

SCHEDULE C-2
Page 4 of 8

LINE NO.	1 AEPCO City of Mesa P-t-P Termination Adjustment (a)	2 Thatcher Network Conversion Adjustment (a)	3 Additional Network Services Adjustment (a)	4 TEP Non-Firm Point-to-Point Adjustment (a)
OTHER:				
33. DEPRECIATION & AMORTIZATION	-	-	-	-
34. ACC GROSS REVENUE TAXES	-	-	-	-
35. OTHER TAXES	-	-	-	-
36. TOTAL OTHER	-	-	-	-
37. TOTAL OPERATING EXPENSES	-	-	(95,425)	-
38. OPERATING INCOME (MARGINS)	(501,120)	(213,696)	(702,969)	(647,946)
INTEREST & OTHER DEDUCTIONS:				
39. LONG-TERM DEBT	-	-	-	-
40. INTEREST CHARGED TO CONSTR	-	-	-	-
41. OTHER INTEREST EXPENSE	-	-	-	-
42. OTHER DEDUCTIONS	-	-	-	-
43. TOTAL INTEREST EXPENSE	-	-	-	-
44. MARGIN AFTER INTEREST EXPENSE	(501,120)	(213,696)	(702,969)	(647,946)
OTHER INCOME & DEDUCTIONS:				
45. INTEREST INCOME	-	-	-	-
46. AFUDC	-	-	-	-
47. OTHER NONOPERATING INCOME	-	-	-	-
48. TOTAL OTHER INCOME & DEDUC	-	-	-	-
49. EXTRAORDINARY ITEMS	-	-	-	-
50. NET INCOME (MARGINS)	\$ (501,120)	\$ (213,696)	\$ (702,969)	\$ (647,946)

SUPPORTING SCHEDULES:

RECAP SCHEDULE:
(a) C-1

Southwest Transmission Cooperative, Inc.
Pro Forma Adjustments

SCHEDULE C-2

Page 5 of 8

LINE NO.	5 WALC Topock P-t-P Termination Adjustment (a)	6 WALC Topock IPP Termination Adjustment (a)	7 MWE Morenci P-t-P Termination Adjustment	8 AEP CO SRP P-t-P Termination Adjustment (a)
REVENUES:				
1. NETWORK TRANSMISSION SERVICE	\$ -	\$ -	\$ -	\$ -
2. POINT-TO -POINT	(301,224)	-	(1,078,245)	(4,107,600)
3. TOTAL ELECTRIC REVENUE	(301,224)	-	(1,078,245)	(4,107,600)
4. LOAD DISPATCH & SYSTEM CONTROL	(25,432)	-	(112,710)	(346,800)
5. DIRECT ASSIGNMENT FACILITIES	-	-	-	-
6. REGULATORY ASSET CHARGE	-	-	-	-
7. OTHER OPERATING REVENUE	-	(480,000)	-	-
8. ANCILLARY SERVICES FROM AEP CO	-	-	-	-
9. SPECIAL CONTRACTS	-	-	-	-
10. TOTAL OPERATING REVENUE	(326,656)	(480,000)	(1,190,955)	(4,454,400)
OPERATING EXPENSES:				
11. OPERATIONS				
12. - ENERGY A/C 555	-	-	-	-
13. A/C 556	-	-	-	-
14. A/C 557	-	-	-	-
15. TRANSMISSION				
16. A/C 560	-	-	-	-
17. A/C 561	-	-	-	-
18. A/C 562	-	-	-	-
19. A/C 563	-	-	-	-
20. A/C 565	-	-	-	-
21. A/C 566	-	-	-	-
22. A/C 567	-	-	-	-
23. ADMINISTRATIVE & GENERAL	-	-	-	-
24. TOTAL OPERATIONS	-	-	-	-
25. MAINTENANCE				
26. A/C 568	-	-	-	-
27. A/C 569	-	-	-	-
28. A/C 570	-	-	-	-
29. A/C 571	-	-	-	-
30. A/C 573	-	-	-	-
31. GENERAL PLANT	-	-	-	-
32. TOTAL MAINTENANCE	\$ -	\$ -	\$ -	\$ -

Southwest Transmission Cooperative, Inc.
Pro Forma Adjustments

SCHEDULE C-2
Page 6 of 8

LINE NO.	5 WALC Topock P-t-P Termination Adjustment (a)	6 WALC Topock IPP Termination Adjustment (a)	7 MWE Morenci P-t-P Termination Adjustment (a)	8 AEP CO SRP P-t-P Termination Adjustment (a)
OTHER:				
33. DEPRECIATION & AMORTIZATION	-	-	-	-
34. ACC GROSS REVENUE TAXES	-	-	-	-
35. OTHER TAXES	-	-	-	-
36. TOTAL OTHER	-	-	-	-
37. TOTAL OPERATING EXPENSES	-	-	-	-
38. OPERATING INCOME (MARGINS)	(326,656)	(480,000)	(1,190,955)	(4,454,400)
INTEREST & OTHER DEDUCTIONS:				
39. LONG-TERM DEBT	-	-	-	-
40. INTEREST CHARGED TO CONSTR	-	-	-	-
41. OTHER INTEREST EXPENSE	-	-	-	-
42. OTHER DEDUCTIONS	-	-	-	-
43. TOTAL INTEREST EXPENSE	-	-	-	-
44. MARGIN AFTER INTEREST EXPENSE	(326,656)	(480,000)	(1,190,955)	(4,454,400)
OTHER INCOME & DEDUCTIONS:				
45. INTEREST INCOME	-	-	-	-
46. AFUDC	-	-	-	-
47. OTHER NONOPERATING INCOME	-	-	-	-
48. TOTAL OTHER INCOME & DEDUCT	-	-	-	-
49. EXTRAORDINARY ITEMS	-	-	-	-
50. NET INCOME (MARGINS)	\$ (326,656)	\$ (480,000)	\$ (1,190,955)	\$ (4,454,400)

SUPPORTING SCHEDULES:

RECAP SCHEDULE:
(a) C-1

Southwest Transmission Cooperative, Inc.
Pro Forma Adjustments

SCHEDULE C-2
Page 7 of 8

LINE NO.	9 Payroll and RSI Increases Adjustment (a)	10 Amortization of Rate Case Exp. Adjustment (a)	11 Annualize Interest on LTD Adjustment (a)	TOTAL ADJUSTMENTS
REVENUES:				
1. NETWORK TRANSMISSION SERVICE	\$ -	\$ -	\$ -	\$ -
2. POINT-TO -POINT	-	-	-	(6,961,264)
3. TOTAL ELECTRIC REVENUE	-	-	-	(6,961,264)
4. LOAD DISPATCH & SYSTEM CONTROL	-	-	-	(574,395)
5. DIRECT ASSIGNMENT FACILITIES	-	-	-	-
6. REGULATORY ASSET CHARGE	-	-	-	-
7. OTHER OPERATING REVENUE	-	-	-	(480,000)
8. ANCILLARY SERVICES FROM AEP CO	-	-	-	-
9. SPECIAL CONTRACTS	-	-	-	(597,508)
10. TOTAL OPERATING REVENUE	-	-	-	(8,613,167)
OPERATING EXPENSES:				
11. OPERATIONS				
12. - ENERGY A/C 555	-	-	-	-
13. A/C 556	248,956	-	-	248,956
14. A/C 557	-	-	-	-
15. TRANSMISSION				
16. A/C 560	153,334	-	-	153,334
17. A/C 561	-	-	-	-
18. A/C 562	50,918	-	-	50,918
19. A/C 563	49,338	-	-	49,338
20. A/C 565	-	-	-	(95,425)
21. A/C 566	3,107	-	-	3,107
22. A/C 567	-	-	-	-
23. ADMINISTRATIVE & GENERAL	117,023	80,000	-	197,023
24. TOTAL OPERATIONS	622,676	80,000	-	607,251
25. MAINTENANCE				
26. A/C 568	96,781	-	-	96,781
27. A/C 569	-	-	-	-
28. A/C 570	49,182	-	-	49,182
29. A/C 571	66,452	-	-	66,452
30. A/C 573	8,846	-	-	8,846
31. GENERAL PLANT	14,796	-	-	14,796
32. TOTAL MAINTENANCE	236,057	-	-	236,057

Southwest Transmission Cooperative, Inc.
Pro Forma Adjustments

SCHEDULE C-2

Page 8 of 8

LINE NO.	9 Payroll and RSI Increases Adjustment (a)	10 Amortization of Rate Case Exp. Adjustment (a)	11 Annualize Interest on LTD Adjustment (a)	TOTAL ADJUSTMENTS
OTHER:				
33. DEPRECIATION & AMORTIZATION	-	-	-	-
34. ACC GROSS REVENUE TAXES	-	-	-	-
35. OTHER TAXES	-	-	-	-
36. TOTAL OTHER	-	-	-	-
37. TOTAL OPERATING EXPENSES	858,733	80,000	-	843,308
38. OPERATING INCOME (MARGINS)	(858,733)	(80,000)	-	(9,456,475)
INTEREST & OTHER DEDUCTIONS:				
39. LONG-TERM DEBT	-	-	101,321	101,321
40. INTEREST CHARGED TO CONSTR	-	-	-	-
41. OTHER INTEREST EXPENSE	-	-	-	-
42. OTHER DEDUCTIONS	-	-	-	-
43. TOTAL INTEREST EXPENSE	-	-	101,321	101,321
44. MARGIN AFTER INTEREST EXPENSE	(858,733)	(80,000)	(101,321)	(9,557,796)
OTHER INCOME & DEDUCTIONS:				
45. INTEREST INCOME	-	-	-	-
46. AFUDC	-	-	-	-
47. OTHER NONOPERATING INCOME	-	-	-	-
48. TOTAL OTHER INCOME & DEDU	-	-	-	-
49. EXTRAORDINARY ITEMS	-	-	-	-
50. NET INCOME (MARGINS)	\$ (858,733)	\$ (80,000)	\$ (101,321)	\$ (9,557,796)

SUPPORTING SCHEDULES:

RECAP SCHEDULE:
(a) C-1

Southwest Transmission Cooperative, Inc.
Computation Of Gross Revenue Conversion Factor

SCHEDULE C-3

<u>LINE NO.</u>	<u>PERCENTAGE OF INCREMENTAL GROSS REVENUES</u>
1. FEDERAL INCOME TAX RATE	0.00000
2. STATE INCOME TAX RATE	0.00000
3. CORPORATION COMMISSION GROSS REVENUE TAX RATE	0.00000
4. TOTAL TAX PERCENTAGE	0.00000
5. OPERATING INCOME PERCENT	0.00000
6. GROSS REVENUE CONVERSION FACTOR (a)	0.00000

D

Southwest Transmission Cooperative, Inc.
Summary Cost of Capital

SCHEDULE D-1

END OF ACTUAL TEST YEAR 3/31/2009

LINE NO.	<u>INVESTED CAPITAL</u>	<u>AMOUNT</u>	%	<u>COST RATE</u>	<u>COMPOSITE</u>
		(b)			(b)
1.	LONG-TERM DEBT (a)	\$ 101,120,306	98.06%	4.944%	4.848%
2.	SHORT-TERM DEBT (a)	2,000,000	1.94%	4.250%	0.082%
3.	TOTAL	<u>\$ 103,120,306</u>	<u>100.00%</u>		<u>4.930%</u>

END OF PROJECTED YEAR 3/31/2010

	<u>INVESTED CAPITAL</u>	<u>AMOUNT</u>	%	<u>COST RATE</u>	<u>COMPOSITE</u>
		(b)			(b)
4.	LONG-TERM DEBT (a)	\$ 107,889,918	98.18%	4.892%	4.803%
5.	SHORT-TERM DEBT (a)	2,000,000	1.82%	4.250%	0.077%
6.	TOTAL	<u>\$ 109,889,918</u>	<u>100.00%</u>		<u>4.880%</u>

SUPPORTING SCHEDULES:
(a) D-2

RECAP SCHEDULES:
(b) A-3

Southwest Transmission Cooperative, Inc.
Cost Of Long-Term and Short-Term Debt

SCHEDULE D-2

LINE NO.	END OF TEST YEAR - 3/31/2009			END OF PROJECTED YEAR		
	OUTSTANDING	INTEREST RATE	ANNUAL INTEREST	OUTSTANDING	INTEREST RATE	ANNUAL INTEREST
1. FFB DEBT	\$ 82,828,226	5.04%	\$ 4,177,027	\$ 91,078,977	4.93%	\$ 4,491,010
2. REA DEBT	235,525	5.00%	11,776	-	5.00%	-
3. CFC SERIES 1994A BONDS	7,427,585	4.40%	326,814	7,134,391	4.40%	313,913
4. CENTRAL BANK FOR COOPERATIVES	10,202,831	7.74%	789,699	9,350,288	7.74%	723,712
5. NRUCFC	426,139	5.40%	23,012	326,262	5.40%	17,618
6. REGULATORY ASSET			(329,000)			(268,500)
7. TOTAL LONG-TERM (a)	\$ 101,120,306		\$ 4,999,328	\$ 107,889,918		\$ 5,277,753
8. COST RATE (a)			4.944%			4.892%
SHORT TERM:						
9. SHORT-TERM DEBT	\$ 2,000,000	4.25%	\$ 85,000	\$ 2,000,000	4.25%	\$ 85,000
10. COST RATE (a)			4.250%			4.250%

RECAP SCHEDULES:
(a) D-1

Southwest Transmission Cooperative, Inc.
Cost Of Long-Term and Short-Term Debt

SCHEDULE D-2A

LINE NO.	EOY 3/31/2007			EOY 3/31/2008		
	OUTSTANDING (a)	INTEREST RATE	ANNUAL INTEREST	OUTSTANDING (a)	INTEREST RATE	ANNUAL INTEREST
1. FFB DEBT	\$ 75,266,725	5.447%	\$ 4,099,779	\$ 78,103,616	5.291%	\$ 4,132,462
2. REA DEBT	1,010,509	4.755%	48,050	601,965	4.942%	29,749
3. CFC SERIES 1997C BONDS	959,396	5.050%	48,449	-		-
4. CFC SERIES 1994A BONDS	7,948,820	3.600%	286,158	7,688,203	3.600%	276,775
5. CENTRAL BANK FOR COOPERATIVES	11,619,937	7.740%	899,383	10,953,734	7.740%	847,819
6. NRUCFC	613,662	7.300%	44,797	521,882	4.900%	25,572
7. REGULATORY ASSET			(498,000)			(387,500)
8. TOTAL LONG-TERM (a)	\$ 97,419,049		\$ 4,928,616	\$ 97,869,400		\$ 4,924,877
9. COST RATE (a)			5.059%			5.032%
SHORT TERM:						
10. SHORT-TERM DEBT	\$ -		\$ -	\$ -		0.00%
11. COST RATE (a)			0.00%			0.00%

RECAP SCHEDULES:
(a) A-3

Southwest Transmission Cooperative, Inc.
Cost Of Preferred Stock

SCHEDULE D-3

NOT APPLICABLE

Southwest Transmission Cooperative, Inc.
Cost Of Common Stock

SCHEDULE D-4

NOT APPLICABLE

E

Southwest Transmission Cooperative, Inc.
Comparative Balance Sheets

SCHEDULE E-1 Page
1 of 2

LINE NO.	ASSETS	TEST YEAR 3/31/2009	PRIOR YEAR 3/31/2008	PRIOR YEAR 3/31/2007
	UTILITY PLANT: (a)			
1.	UTILITY PLANT IN SERVICE	\$ 146,553,370	\$ 142,315,021	\$ 134,273,265
2.	LESS: ACCUMULATED DEPRECIATION	(69,091,935)	(65,276,860)	(61,134,523)
3.	NET UTILITY PLANT IN SERVICE	77,461,435	77,038,161	73,138,742
4.	CONSTRUCTION WORK IN PROGRESS	28,287,020	17,363,139	12,224,344
5.	PLANT HELD FOR FUTURE USE	381,627	381,627	381,627
6.	NET UTILITY PLANT	106,130,082	94,782,927	85,744,713
	CURRENT ASSETS:			
7.	GENERAL FUND CASH	169,005	350,270	137,627
8.	TEMPORARY INVESTMENTS	314,213	3,330,399	4,433,963
9.	ACCOUNTS RECEIVABLE	3,020,096	4,526,176	6,770,660
10.	FUEL INVENTORY	-	-	-
11.	MATERIALS AND SUPPLIES	1,984,714	1,808,993	1,562,764
12.	PREPAYMENTS & OTHER CURRENT ASSETS	2,137,631	2,025,693	2,286,368
13.	NOTES RECEIVABLE-CURRENT	-	-	-
14.	OTHER	-	-	-
15.	TOTAL CURRENT ASSETS	7,625,659	12,041,531	15,191,382
	OTHER ASSETS:			
16.	INV - ASSOC ORG	2,394,331	2,388,520	2,388,556
17.	INVESTMENTS	86,338	79,969	74,287
18.	DEFERRED DEBITS	1,367,652	999,476	2,268,782
19.	UNAMORTIZED DEBT	1,088,058	1,290,565	1,513,580
20.	REGULATORY ASSETS	-	-	397,783
21.	TOTAL OTHER ASSETS	4,936,379	4,758,530	6,642,988
22.	TOTAL ASSETS	\$ 118,692,121	\$ 111,582,988	\$ 107,579,083

SUPPORTING SCHEDULES:
(a) E-5, Page 2

RECAP SCHEDULES:

Southwest Transmission Cooperative, Inc.
Comparative Balance Sheets

SCHEDULE E-1

Page 2 of 2

LINE NO.	LIABILITIES & EQUITY	TEST YEAR 3/31/2009	PRIOR YEAR 3/31/2008	PRIOR YEAR 3/31/2007
EQUITY: (a) (c)				
23.	PATRONAGE CAPITAL	\$ 5,025,614	\$ 5,025,614	\$ 5,025,614
24.	UNALLOCATED MARGINS	5,351,474	623,763	(2,143,981)
25.	TOTAL EQUITY	10,377,088	5,649,377	2,881,633
LONG-TERM DEBT: (b)				
26.	FFB DEBT	82,828,226	78,103,616	75,266,725
27.	REA DEBT	235,525	601,965	1,010,509
28.	PAYMENTS UNAPPLIED	(3,427)	(14,455)	(251,962)
29.	CFC 1997A BONDS	-	-	959,396
30.	CFC 1997A BONDS	7,427,585	7,688,203	7,948,820
30.	COOPERATIVE UTILITY TRUST	10,202,831	10,953,734	11,619,937
31.	NRUCFC	426,139	521,882	613,662
32.	LESS: CURRENT MATURITIES	(4,130,389)	(7,270,116)	(8,937,665)
33.	TOTAL LONG-TERM DEBT	96,986,489	90,584,829	88,229,422
CURRENT LIABILITIES:				
34.	MEMBER ADVANCES & NOTES	2,000,000	-	-
35.	ACCOUNTS PAYABLE	1,983,171	5,340,461	4,885,255
36.	ACCRUED TAXES	1,314,639	1,409,188	1,392,522
37.	ACCRUED INTEREST	127,898	117,646	141,883
38.	CURRENT LIABILITY - OTHER	983,277	772,340	749,571
39.	CURRENT MATURITIES OF LONG TERM DEBT	4,130,389	7,270,116	8,937,665
40.	TOTAL CURRENT LIABILITIES	10,539,375	14,909,751	16,106,896
41.	ACCUMULATED OPERATING PROVISIONS	-	-	-
42.	DEFERRED CREDITS	784,755	439,031	361,132
43.	TOTAL LIABILITIES AND EQUITY	\$ 118,687,706	\$ 111,582,988	\$ 107,579,083

SUPPORTING SCHEDULES:

(a) E-4

(b) D-2, D-2A & General Ledger

RECAP SCHEDULES:

(c) A-3, Line 5

Southwest Transmission Cooperative, Inc.
Comparative Income Statements

SCHEDULE E-2
Page 1 of 2

LINE NO.		TEST YEAR 3/31/2009	PRIOR YEAR 3/31/2008	PRIOR YEAR 3/31/2007
REVENUES:				
1.	CLASS A & NETWORK MEMBERS	\$ 19,299,096	\$ 16,635,506	\$ 16,543,163
2.	POINT-TO -POINT	10,174,626	8,546,147	8,195,082
3.	NON-CLS A, NON-FIRM & NON-MEM	7,146,699	9,808,911	8,043,122
4.	TOTAL ELECTRIC REVENUE	36,620,421	34,990,564	32,781,367
5.	OTHER OPERATING REVENUE	1,078,408	944,044	1,273,061
6.	TOTAL OPERATING REVENUE	37,698,829	35,934,608	34,054,428
OPERATING EXPENSES:				
OPERATIONS				
7.	- ENERGY A/C 555	-	-	-
8.	A/C 556	4,728,278	4,153,759	3,567,362
9.	A/C 557	-	-	-
10.	TRANSMISSION			
11.	A/C 560	2,910,635	2,891,434	3,021,944
12.	A/C 561	6,593	6,550	6,845
13.	A/C 562	967,271	960,890	1,004,262
14.	A/C 563	937,886	931,699	973,753
15.	A/C 565	5,796,657	5,758,416	6,018,334
16.	A/C 566	59,018	55,830	58,350
17.	A/C 567	-	2,798	2,925
18.	ADMINISTRATIVE & GENERAL	4,209,758	3,743,841	4,076,643
19.	TOTAL OPERATIONS	19,616,096	18,505,217	18,730,418
20.	MAINTENANCE			
21.	A/C 568	1,827,064	1,610,274	1,234,764
22.	A/C 569	7,501	6,611	5,069
23.	A/C 570	934,030	823,203	631,234
24.	A/C 571	1,262,443	1,112,648	853,182
25.	A/C 573	170,922	150,641	115,512
26.	GENERAL PLANT	281,278	174,039	86,638
27.	TOTAL MAINTENANCE	\$ 4,483,238	\$ 3,877,416	\$ 2,926,399

Southwest Transmission Cooperative, Inc.
Comparative Income Statements

SCHEDULE E-2
Page 2 of 2

LINE NO.	TEST YEAR 3/31/2009	PRIOR YEAR 3/31/2008	PRIOR YEAR 3/31/2007
OTHER:			
28. DEPRECIATION & AMORTIZATION	\$ 4,312,850	\$ 6,977,992	\$ 7,524,199
29. ACC GROSS REVENUE TAXES	-	-	-
30. OTHER TAXES	-	-	56
31. TOTAL OTHER	4,312,850	6,977,992	7,524,255
32. TOTAL OPERATING EXPENSES	28,412,184	29,360,625	29,181,072
33. OPERATING INCOME (MARGINS)	9,286,645	6,573,983	4,873,356
INTEREST & OTHER DEDUCTIONS:			
34. LONG-TERM DEBT	4,898,007	5,033,673	4,918,542
35. INTEREST CHARGED TO CONSTR	(488,105)	(642,742)	(325,385)
36. OTHER INTEREST EXPENSE	248,531	24,843	16,268
37. OTHER DEDUCTIONS	1,399	(23,620)	(56,446)
38. TOTAL INTEREST EXPENSES	4,659,832	4,392,154	4,552,979
39. MARGIN AFTER INTEREST EXPENSE	4,626,813	2,181,829	320,377
OTHER INCOME & DEDUCTIONS:			
40. INTEREST INCOME	88,194	279,160	467,196
41. AFUDC	-	-	-
42. OTHER NONOPERATING INCOME	12,704	306,755	175,585
43. TOTAL OTHER INCOME & DEDUCT	100,898	585,915	642,781
43a. EXTRAORDINARY ITEMS	-	-	-
44. NET INCOME (MARGINS)	\$ 4,727,711	\$ 2,767,744	\$ 963,158

Southwest Transmission Cooperative, Inc.
Comparative Statement of Changes in Financial Position

SCHEDULE E-3

LINE NO.	TEST YEAR 3/31/2009	PRIOR YEAR 3/31/2008	PRIOR YEAR 3/31/2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
1. NET MARGIN (LOSS)	\$ 4,727,711 (a)	\$ 2,767,744	\$ 963,158
ADJUSTMENTS TO RECONCILE NET MARGIN TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES-			
2. DEPREC. & AMORT.	4,312,850	4,203,893	4,164,962
3. AMORTIZATION OF DEFERRED CHARGES	208,497	229,005	241,629
CHANGES IN ASSETS AND LIABILITIES			
4. RESTRICTED CASH & CASH EQUIVALENTS	-	-	117
5. RECEIVABLES	1,506,080	2,244,483	(2,757,257)
6. INVENTORIES	(175,721)	(246,229)	(419,248)
7. DEFERRED DEBITS	(374,165)	(922,740)	(38,387)
8. ACCRUED PROPERTY TAXES	(3,357,291)	455,206	3,384,390
9. ACCOUNTS PAYABLE	10,252	(24,236)	(13,724)
10. ACCRUED INTEREST PAYABLE	-	-	-
11. DEFERRED CREDITS	-	-	-
12. OTHER, NET	2,004,449	2,883,952	2,905,126
13. NET CASH PROVIDED BY OPERATING ACTIVITIES	8,862,662 (b)	11,591,078	8,430,766
CASH FLOWS FROM INVESTING ACTIVITIES:			
14. CONSTRUCTION EXPENDITURES, NET	(15,655,592)	(13,242,108)	(12,897,366)
15. MATURITIES OF INVESTMENTS	7,608	6,848	11,008
16. PURCHASE OF INVESTMENTS	(22,820)	(12,531)	(103,377)
17. PATRONAGE CAPITAL RETIREMENT	3,032	36	1,769
18. NET CASH USED IN INVESTING ACTIVITIES	(15,667,772) (b)	(13,247,755)	(12,987,966)
CASH FLOWS FROM FINANCING ACTIVITIES:			
19. MEMBER ADVANCES, NET	345,724	77,899	212,290
20. ISSUANCE OF LONG-TERM DEBT	10,521,000	9,377,000	9,361,000
21. RETIREMENT OF LONG-TERM DEBT	(7,259,065)	(8,689,142)	(8,276,797)
22. MEMBERSHIPS ISSUED	-	-	-
23. NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,607,659 (b)	765,757	1,296,493
24. NET DECREASE IN CASH AND CASH EQ.	(3,197,451) (b)	(890,920)	(3,260,707)
25. CASH AND CASH EQUIVALENTS, April 1	3,680,670	4,571,590	7,832,297
26. CASH AND CASH EQUIVALENTS, March 31	\$ 483,219	\$ 3,680,670	\$ 4,571,590
SUPPLEMENTAL DISCLOSURES:			
27. CASH PAID FOR INTEREST, NET OF AMOUNT CAPITALIZED	\$ 4,493,200	\$ 4,440,010	\$ 4,623,149

SUPPORTING SCHEDULES:
(a) C-1, Page 4

RECAP SCHEDULES:
(b) A-5

Southwest Transmission Cooperative, Inc.
Statement of Change in Equity

SCHEDULE E-4

<u>LINE NO.</u>	<u>PATRONAGE CAPITAL</u>	<u>UNALLOCATED LOSSES</u>
1. BALANCE, MARCH 31, 2006	\$ 5,025,614	\$ (3,107,139)
2. NET EARNINGS (LOSS)	-	963,158
3. BALANCE, MARCH 31, 2007	5,025,614 (b)	(2,143,981)
4. NET EARNINGS (LOSS)	-	2,767,744 (a)
5. BALANCE, MARCH 31, 2008	5,025,614	623,763 (b)
6. ADDED PRIOR YEAR LOSSES	-	-
7. NET EARNINGS (LOSS)	-	4,727,711 (a)
8. BALANCE, MARCH 31, 2009 \1	<u>\$ 5,025,614</u>	<u>\$ 5,351,474</u>

SUPPORTING SCHEDULES:

(a) E-2, Page 2

\1. As reflected by REA Form 12a

RECAP SCHEDULES:

(b) E-1, Page 2

Southwest Transmission Cooperative, Inc.
Detail of Utility Plant

SCHEDULE E-5
Page 1 of 4

LINE NO.		END OF PRIOR YEAR 3/31/2008 /1	NET ADDITIONS	END OF TEST YEAR 3/31/2009 /2	PRO FORMA ADJUSTMENT (a)	ADJUSTED END OF TEST YEAR
INTANGIBLE PLANT:						
1.	301 ORGANIZATION	\$ 1,515	\$ -	\$ 1,515	\$ -	1,515
2.	114 ACQUISITION ADJUSTMENT	4,413	-	4,413	-	4,413
3.	302 FRANCHISE AND CONSENT	248	-	248	-	248
4.	303 MISC. INTANGIBLE PLANT	4,244,677	-	4,244,677	-	4,244,677
5.	SUBTOTAL INTANGIBLE	4,250,853	-	4,250,853 (d)	-	4,250,853
TRANSMISSION PLANT:						
6.	350 LAND AND LAND RIGHTS	1,801,521	-	1,801,521	-	1,801,521
7.	352 STRUCTURES AND IMPROVEMENTS	5,145,968	-	5,145,968	-	5,145,968
8.	353 STATION EQUIPMENT	53,672,862	567,214	54,240,076	-	54,240,076
9.	354 TOWERS & FIXTURES	8,220,075	-	8,220,075	-	8,220,075
10.	355 POLES & FIXTURES	28,216,945	193,150	28,410,095	-	28,410,095
11.	356 OVERHEAD CONDUCTORS & DEVICES	18,465,934	-	18,465,934	-	18,465,934
12.	359 ROADS & TRAILS	221,939	-	221,939	-	221,939
13.	SUBTOTAL TRANSMISSION PLANT	115,745,244	760,364	116,505,608 (d)	-	116,505,608
GENERAL PLANT:						
14.	389 LAND AND LAND RIGHTS	3,436	-	3,436	-	3,436
15.	390 STRUCTURES AND IMPROVEMENTS	12,404,466	28,397	12,432,863	-	12,432,863
16.	391 OFFICE FURNITURE & EQUIPMENT	-	-	-	-	-
17.	392 TRANSPORTATION EQUIPMENT	-	-	-	-	-
18.	393 STORES EQUIPMENT	-	-	-	-	-
19.	394 TOOLS, SHOP & GARAGE EQUIPMENT	-	-	-	-	-
20.	395 LABORATORY EQUIPMENT	-	-	-	-	-
21.	396 POWER OPERATED EQUIPMENT	-	-	-	-	-
22.	397 COMMUNICATION EQUIPMENT	-	-	-	-	-
23.	398 MISCELLANEOUS EQUIPMENT	-	-	-	-	-
24.	399 OTHER TANGIBLE PLANT	-	-	-	-	-
25.	SUBTOTAL GENERAL PLANT	\$ 12,407,902	\$ 28,397	\$ 12,436,299 (d)	\$ -	\$ 12,436,299

Southwest Transmission Cooperative, Inc.
Detail of Utility Plant

SCHEDULE E-5
Page 2 of 4

LINE NO.	END OF PRIOR YEAR 3/31/2008 /1	NET ADDITIONS	END OF TEST YEAR 3/31/2009 /2	PRO FORMA ADJUSTMENT (a)	ADJUSTED END OF TEST YEAR
COMPLETED CONST - UNCLASSIFIED:					
26. GENERAL PLANT	\$ -	\$ -		\$ -	\$ -
27. LINES		-		-	-
28. SUBSTATION	9,915,435	3,445,175	13,360,610	-	13,360,610
29. GENERATION - STEAM		-		-	-
30. TOTAL COMPLETED	9,915,435 (b)	3,445,175	13,360,610 (b)	-	13,360,610
31. TOTAL PLANT IN SERVICE	142,319,434 (c)	4,233,936 (c)	146,553,370 (c) (d)	- (d)	146,553,370 (d)
ACCUMULATED DEPRECIATION:					
32. LINES	(57,647,051)	(3,339,030)	(60,986,081)	-	(60,986,081)
33. SUBSTATION		-		-	-
34. GENERAL PLANT	(6,200,674)	(271,363)	(6,472,037)	-	(6,472,037)
35. RETIREMENTS	203,662	(63,525)	140,137	-	140,137
35. TOTAL	(63,644,063)	(3,673,918)	(67,317,981)	-	(67,317,981)
36. ACCUMULATED AMORTIZATION	(1,632,797)	(141,157)	(1,773,954)	-	(1,773,954)
37. TOTAL ACCUM DEPREC. & AMORT.	(65,276,860) (b)	(3,815,075)	(69,091,935) (b)	- (d)	(69,091,935) (d)
38. NET PLANT IN SERVICE	77,042,574	(3,815,075)	77,461,435 (d)	-	77,461,435
39. CWIP	17,363,139 (b)	10,923,881	28,287,020 (b)		28,287,020
40. PLANT HELD FOR FUTURE USE	377,214	-	377,214	-	377,214
41. TOTAL NET PLANT	\$ 94,782,930	\$ 11,342,739	\$ 106,125,669	\$ -	\$ 106,125,669

SUPPORTING SCHEDULES:
(a) E-5, Pages 3-4

/1 From General Ledger Balance Sheet

RECAP SCHEDULES:
(b) E-1, Page 1
(c) A-4
(d) B-2

Southwest Transmission Cooperative, Inc.

Detail of Utility Plant
Pro Forma Adjustments

SCHEDULE E-5

Page 3 of 4

LINE NO.		ADJ. 1	ADJ. 2	ADJ. 3	ADJ. 4	ADJ. 5	TOTAL (a)
	INTANGIBLE PLANT:						
1.	301 ORGANIZATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	114 ACQUISITION ADJUSTMENT	-	-	-	-	-	-
3.	302 FRANCHISE AND CONSENT	-	-	-	-	-	-
4.	303 MISC. INTANGIBLE PLANT	-	-	-	-	-	-
5.	SUBTOTAL INTANGIBLE	-	-	-	-	-	-
	TRANSMISSION PLANT:						
6.	350 LAND AND LAND RIGHTS	-	-	-	-	-	-
7.	352 STRUCTURES AND IMPROVEMENTS	-	-	-	-	-	-
8.	353 STATION EQUIPMENT	-	-	-	-	-	-
9.	354 TOWERS & FIXTURES	-	-	-	-	-	-
10.	355 POLES & FIXTURES	-	-	-	-	-	-
11.	356 OVERHEAD CONDUCTORS & DEVICES	-	-	-	-	-	-
12.	359 ROADS & TRAILS	-	-	-	-	-	-
13.	SUBTOTAL TRANSMISSION PLANT	-	-	-	-	-	-
	GENERAL PLANT:						
14.	389 LAND AND LAND RIGHTS	-	-	-	-	-	-
15.	390 STRUCTURES AND IMPROVEMENTS	-	-	-	-	-	-
16.	391 OFFICE FURNITURE & EQUIPMENT	-	-	-	-	-	-
17.	392 TRANSPORTATION EQUIPMENT	-	-	-	-	-	-
18.	393 STORES EQUIPMENT	-	-	-	-	-	-
19.	394 TOOLS, SHOP & GARAGE EQUIPMENT	-	-	-	-	-	-
20.	395 LABORATORY EQUIPMENT	-	-	-	-	-	-
21.	396 POWER OPERATED EQUIPMENT	-	-	-	-	-	-
22.	397 COMMUNICATION EQUIPMENT	-	-	-	-	-	-
23.	398 MISCELLANEOUS EQUIPMENT	-	-	-	-	-	-
24.	399 OTHER TANGIBLE PLANT	-	-	-	-	-	-
25.	SUBTOTAL GENERAL PLANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Southwest Transmission Cooperative, Inc.

Detail of Utility Plant
Pro Forma Adjustments

SCHEDULE E-5
Page 4 of 4

LINE NO.	ADJ. 1	ADJ. 2	ADJ. 3	ADJ. 4	ADJ. 5	TOTAL (a)
COMPLETED CONST - UNCLASSIFIED:						
26. GENERAL PLANT	-	-	-	-	-	-
27. LINES	-	-	-	-	-	-
28. SUBSTATION	-	-	-	-	-	-
29. GENERATION - STEAM	-	-	-	-	-	-
30. TOTAL COMPLETED	-	-	-	-	-	-
31. TOTAL PLANT IN SERVICE	-	-	-	-	-	-
ACCUMULATED DEPRECIATION:						
32. LINES	-	-	-	-	-	-
33. SUBSTATION	-	-	-	-	-	-
34. GENERAL PLANT	-	-	-	-	-	-
35. RETIREMENTS	-	-	-	-	-	-
35. TOTAL	-	-	-	-	-	-
36. ACCUMULATED AMORTIZATION	-	-	-	-	-	-
37. TOTAL ACCUM DEPREC. & AMORT.	-	-	-	-	-	-
38. NET PLANT IN SERVICE	-	-	-	-	-	-
39. CWIP	-	-	-	-	-	-
40. PLANT HELD FOR FUTURE USE	-	-	-	-	-	-
41. TOTAL NET PLANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RECAP SCHEDULES:
(a) E-5, Pages 1-2

Southwest Transmission Cooperative, Inc. **SCHEDULE E-6**
Statement of Change in Equity

NOT APPLICABLE

Southwest Transmission Cooperative, Inc.

SCHEDULE E-7

Operating Statistics

LINE NO.	ELECTRIC STATISTICS	TEST YEAR ENDED 3/31/2009	PRIOR YEAR ENDED 3/31/2008	PRIOR YEAR ENDED 3/31/2007
	KW SALES:			
1.	CLASS A MEMBERS	3,684,139	1,240,202	488,150
2.	CLASS B MEMBERS	2,378,789	5,984,859	2,726,107
3.	OTHER FIRM CONTRACTS	<u>227,321</u>	<u>85,371</u>	<u>8,720</u>
4.	TOTAL	6,290,249	7,310,432	3,222,977
	AVERAGE NO. CUSTOMERS:			
5.	CLASS A MEMBERS	2	1	1
6.	CLASS B MEMBERS	1	2	2
7.	OTHER FIRM CONTRACTS	<u>3</u>	<u>3</u>	<u>2</u>
8.	TOTAL	6	6	5
	AVERAGE KW USE:			
9.	CLASS A MEMBERS	1,842,070	1,240,202	488,150
10.	CLASS B MEMBERS	2,378,789	2,992,430	1,363,054
11.	OTHER FIRM CONTRACTS	<u>75,774</u>	<u>28,457</u>	<u>4,360</u>
12.	ALL CLASSES AVERAGE	1,048,375	1,218,405	644,595

Southwest Transmission Cooperative, Inc.
Taxes Charged to Operations

SCHEDULE E-8

LINE NO.	DESCRIPTION	TEST YEAR ENDED 3/31/2009	PRIOR YEAR ENDED 3/31/2008	PRIOR YEAR ENDED 3/31/2007
	FEDERAL TAXES:			
1.	PAYROLL	\$ 1,067,164	\$ 1,068,175	\$ 985,053
2.	FEDERAL INCOME	-	-	-
	TOTAL FEDERAL TAXES	1,067,164	1,068,175	985,053
	STATE TAXES:			
3.	PAYROLL	148,129	156,349	139,917
4.	PROPERTY	1,683,865	1,915,321	1,942,119
5.	GROSS REVENUE	-	-	-
6.	CALIFORNIA FRANCHISE TAX	859	800	800
	TOTAL STATE TAXES	1,832,853	2,072,470	2,082,836
7.	TOTAL TAXES	\$ 2,900,017	\$ 3,140,645	\$ 3,067,889

Southwest Transmission Cooperative, Inc.
Notes to Financial Statements

SCHEDULE E-9

SEE FINANCIAL STATEMENTS

F

Southwest Transmission Cooperative, Inc.

Projected Income Statement Present and Proposed Rates

SCHEDULE F-1
Page 1 of 2

LINE NO.		-ACTUAL-	-PROJECTED YEAR-	
		TEST YEAR	PRESENT RATES	PROPOSED RATES
		ENDED	ENDED	ENDED
		3/31/2009 (a)	3/31/2009 (b)	3/31/2009 (b)
REVENUES:				
1.	NETWORK TRANSMISSION SERVICE	\$ 19,299,096	\$ 19,299,096	\$ 26,951,245
2.	POINT-TO -POINT	10,174,626	3,213,362	3,481,846
3.	TOTAL ELECTRIC REVENUE	29,473,722	22,512,458	30,433,091
4.	LOAD DISPATCH & SYSTEM CONTROL	2,400,138	1,825,743	1,558,531
5.	DIRECT ASSIGNMENT FACILITIES	1,548,761	1,545,318	1,545,318
6.	REGULATORY ASSET CHARGE	-	-	-
7.	OTHER OPERATING REVENUE	1,078,408	598,408	598,408
8.	ANCILLARY SERVICES FROM AEP CO	1,304,992	-	-
9.	SPECIAL CONTRACTS	1,892,808	1,295,300	1,295,300
10.	TOTAL OPERATING REVENUE	37,698,829	27,777,227	35,430,648
OPERATING EXPENSES:				
11.	OPERATIONS			
12.	- ENERGY A/C 555			-
13.	A/C 556	4,728,278	4,519,261	4,519,261
14.	A/C 557	-	-	-
15.	TRANSMISSION			
16.	A/C 560	2,910,635	3,063,969	3,063,969
17.	A/C 561	6,593	6,593	6,593
18.	A/C 562	967,271	282,980	282,980
19.	A/C 563	937,886	288,541	288,541
20.	A/C 565	5,796,657	4,741,610	4,741,610
21.	A/C 566	59,018	5,729	5,729
22.	A/C 567	-	-	-
23.	ADMINISTRATIVE & GENERAL	4,209,758	4,322,364	4,322,364
24.	TOTAL OPERATIONS	19,616,096	17,231,047	17,231,047
25.	MAINTENANCE			
26.	A/C 568	1,827,064	1,923,845	1,923,845
27.	A/C 569	7,501	7,501	7,501
28.	A/C 570	934,030	983,212	983,212
29.	A/C 571	1,262,443	1,328,895	1,328,895
30.	A/C 573	170,922	179,768	179,768
31.	GENERAL PLANT	281,278	296,074	296,074
32.	TOTAL MAINTENANCE	\$ 4,483,238	\$ 4,719,295	\$ 4,719,295

Southwest Transmission Cooperative, Inc.

Projected Income Statement Present and Proposed Rates

SCHEDULE F-1

Page 2 of 2

LINE NO.		-ACTUAL-	-PROJECTED YEAR-	
		TEST YEAR	PRESENT RATES	PROPOSED RATES
		ENDED	ENDED	ENDED
		3/31/2009 (a)	3/31/2009 (b)	3/31/2009 (b)
	OTHER:			
33.	DEPRECIATION & AMORTIZATION	4,312,850	4,312,850	4,312,850
34.	ACC GROSS REVENUE TAXES	-	-	-
35.	OTHER TAXES	-	1,683,865	1,683,865
36.	TOTAL OTHER	4,312,850	5,996,715	5,996,715
37.	TOTAL OPERATING EXPENSES	28,412,184	27,947,057	27,947,057
38.	OPERATING INCOME (MARGINS)	9,286,645	(169,830)	7,483,591
	INTEREST & OTHER DEDUCTIONS:			
39.	LONG-TERM DEBT	4,898,007	4,999,328	4,999,328
40.	INTEREST CHARGED TO CONSTR	(488,105)	(488,105)	(488,105)
41.	OTHER INTEREST EXPENSE	248,531	248,531	248,531
42.	OTHER DEDUCTIONS	1,399	1,399	1,399
43.	TOTAL INTEREST EXPENSE	4,659,832	4,761,153	4,761,153
44.	MARGIN AFTER INTEREST EXPENSE	4,626,813	(4,930,983)	2,722,438
	OTHER INCOME & DEDUCTIONS:			
45.	INTEREST INCOME	88,194	88,194	88,194
46.	AFUDC	-	-	-
47.	OTHER NONOPERATING INCOME	12,704	12,704	12,704
48.	TOTAL OTHER INCOME & DEDUC	100,898	100,898	100,898
49.	EXTRAORDINARY ITEMS	-	-	-
50.	NET INCOME (MARGINS)	\$ 4,727,711	\$ (4,830,085)	\$ 2,823,336

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

Southwest Transmission Cooperative, Inc.
Projected Changes in Financial Position
Present And Proposed Rates

SCHEDULE F-2

LINE NO.	-ACTUAL- TEST YEAR ENDED 3/31/2009 (a)	-PROJECTED YEAR-	
		PRESENT RATES ENDED 3/31/2009 (b)	PROPOSED RATES ENDED 3/31/2009 (b)
1. NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 8,862,662	\$ (695,134)	\$ 6,958,287
2. NET CASH USED IN INVESTING ACTIVITIES	(15,667,772)	(15,667,772)	(15,667,772)
3. NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>3,607,659</u>	<u>3,607,659</u>	<u>3,607,659</u>
4. NET DECREASE IN CASH AND CASH EQ.	<u>\$ (3,197,451)</u>	<u>\$ (12,755,247)</u>	<u>\$ (5,101,826)</u>

SUPPORTING SCHEDULES:
(a) E-3

RECAP SCHEDULES:
(b) A-5

Southwest Transmission Cooperative, Inc.
Projected Construction Requirements

SCHEDULE F-3

<u>LINE NO.</u>	<u>-ACTUAL- TEST YEAR ENDED 3/31/2009</u>	<u>YEAR ENDED 3/31/2010</u>	<u>-PROJECTED YEAR- YEAR ENDED 3/31/2011</u>	<u>YEAR ENDED 3/31/2012</u>
1. TRANSMISSION PLANT	\$ 15,388,166	\$ 16,427,810	\$ 44,564,540	\$ 14,671,937
2. GENERAL PLANT	267,426	333,467	343,471	353,775
3. TOTAL PLANT (a)	<u>\$ 15,655,592</u>	<u>\$ 16,761,277</u>	<u>\$ 44,908,011</u>	<u>\$ 15,025,712</u>

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
(a) A-4

Southwest Transmission Cooperative, Inc.

Assumptions Used in Developing Projections

SCHEDULE F-4

LINE
NO.

1.	DSCR GOAL	1.35
2.	AVERAGE NETWORK TRANSMISSION RATE	\$ 5.438 \$/kW
3.	ANNUAL NETWORK REVENUE REQUIREMENT	\$ 26,970,890
4.	POINT- TO- POINT TRANS. RATE	\$ 3.709 \$/kW
5.	SYSTEM CONTROL & LOAD DISPATCH	\$ 0.245
6.	FFB INTEREST RATE	4.50%
7.	STAFFING LEVELS	47
8.	PROPERTY TAXES	2009 Billings
9.	DEPRECIATION RATES:	
	TRANSMISSION	2.75%
	HEADQUARTERS	2.00%
	GENERAL PLANT	6.00%
	VEHICLES	3-10 YEARS MINUS SALVAGE
	COMMUNICATIONS	6.00%
	SYS. CONTROL & MICROWAVE	6.00%

G

Southwest Transmission Cooperative, Inc.
Cost of Service Summary - Present Rates

SCHEDULE G-1

**LINE
NO.**

**TOTAL
SYSTEM**

REVENUES:

1. NETWORK TRANSMISSION SERVICE	(a)	\$ 22,328,219
2. POINT-TO-POINT	(a)	3,484,662
3. TOTAL ELECTRIC REVENUE:		25,812,881
4. OTHER OPERATING REVENUE	(b)	598,408
5. SPECIAL CONTRACTS & OTHER	(b)	1,365,938
6. TOTAL OPERATING REVENUE		27,777,227
7. OPERATING EXPENSES	(c)	27,947,057
8. OPERATING INCOME (MARGINS)		(169,830)
9. INCOME TAXES		-
10. NET INCOME (MARGINS) (LINE 8 - LINE 9)		(169,830)
11. RATE BASE	(d)	79,668,372
12. RATE OF RETURN	(e)	-0.21%

SUPPORTING SCHEDULES:

(a) H-1
(b) C-1, Page 3
(c) C-1, Page 4
(d) B-1

RECAP SCHEDULES:

(e) B-1, Line 9

Southwest Transmission Cooperative, Inc.
Cost of Service Summary - Proposed Rates

SCHEDULE G-2

**LINE
NO.**

**TOTAL
SYSTEM**

REVENUES:

1.	NETWORK TRANSMISSION SERVICE	(a)	\$ 29,754,459
2.	POINT-TO-POINT	(a)	3,711,841
3.	TOTAL ELECTRIC REVENUE		<u>33,466,300</u>
4.	OTHER OPERATING REVENUE	(b)	598,408
5.	SPECIAL CONTRACTS & OTHER	(e)	1,365,940
6.	TOTAL OPERATING REVENUE		<u>35,430,648</u>
7.	OPERATING EXPENSES	(c)	27,947,057
8.	OPERATING INCOME (MARGINS)		7,483,591
9.	INCOME TAXES		-
10.	NET INCOME (MARGINS) (LINE 6 - LINE 7)		<u>7,483,591</u>
11.	RATE BASE	(d)	79,668,372
12.	RATE OF RETURN	(f)	9.39%

SUPPORTING SCHEDULES:

(a) H-1
(b) C-1, Page 3
(c) C-1, Page 4
(d) B-1
(e) F-1, Page 1 and G-2A, Page 14

RECAP SCHEDULES:

(f) B-1, Line 9

Southwest Transmission Cooperative, Inc.

Derivation Of Revenue Requirement And Rates

SCHEDULE G-2A

Page 1 of 14

LINE
NO.

TOTAL

1.	OPERATING EXPENSES (EXCL. REVENUE TAX)	\$ 27,947,057 (a)
2.	INTEREST & OTHER DEDUCTIONS:	4,761,153 (a)
3.	TOTAL OPERATING EXPENSES (INC. INTEREST)	32,708,210
4.	PLUS MARGIN REQUIREMENT	2,823,336
	LESS OTHER REVENUES:	
5.	OTHER OPERATING REVENUE	598,408 (d)
6.	SPECIAL CONTRACTS	1,295,300 (c)
7.	DIRECT ASSIGNMENT FACILITIES	1,545,318 (c)
8.	SYS. CTL. & LOAD DSPTCH N/I SP.CONT.	1,558,531 (c)
9.	TOTAL OTHER INCOME	4,997,557
10.	NON-OPERATING MARGINS	100,898
11.	PLUS EXTRAORDINARY ITEMS	- (a)
12.	NET REVENUE REQUIREMENT BEFORE REV. TAX	30,433,091 (b)
13.	REVENUE TAX	-
14.	ANNUAL TRANSMISSION REVENUE REQUIREMENT	\$ 30,433,091

SUPPORTING SCHEDULES:

- (a) C-1, Page 4
- (b) G-2A, Page 3
- (c) F-1
- (d) G-1

RECAP SCHEDULES:

- (d) G-2

Southwest Transmission Cooperative/Arizona Electric Power Cooperative

Derivation of Transmission Rates, Control Area Services and Revenue Requirements

Twelve Months Ended March 31, 2009

Schedule 7&8/Network Transmission Rates		Point-to-Point	Network	Translate Rates to Monthly Rates	
		\$3.709	\$2,247,574	wk	0.85593 Sched 7
		/kW-mo		Day	0.12363
MANDATORY ANCILLARY SERVICES				on-pk	0.00508
Schedule 1 System Control & load Dispatch		\$0.245	\$0.245 /kW-mo	off-peak	0.00891
Schedule 2 Var support / voltage Control		\$0.049	\$0.066 /kW-mo	wk	0.05654 Sched 1
				Day	0.00817
				on-pk	0.00034
				off-peak	0.00059
TOTAL MANDATORY SVCS		\$4.003	\$2,247,574 /kW-mo	wk	0.01134 Sched 2
FERC OPTIONAL ANCILLARY SVCS - AEPCO				Day	0.00164
Schedule 3 Cost of Reg. & Frequency Response		Gen Cap Rate	% Req'd	on-pk	0.00007
		\$8.654	4.46%	off-peak	0.00012
Schedule 5 Operating Reserves- Spinning		\$9.571	5.35%	wk	0.08913 Sched 3
				Day	0.01287
				on-pk	0.00053
				off-peak	0.00093
Schedule 6 Operating Reserve- Supplemental		\$6.818	5.36%	wk	0.11817 Sched 5
				Day	0.01707
				on-pk	0.00070
				off-peak	0.00123
Schedule 4 Energy Imbalance - AEPCO		Energy in kind deviation +/-1.5%			
		AEPCO pays positive imbalance	\$36.68 \$/MWh	wk	0.08427 Sched 6
		Customer pays negative imbalance	\$100.00 \$/MWh	Day	0.01217
				on-pk	0.00050
				off-peak	0.00088
Non-FERC Replacement Capacity - AEPCO			\$3.085	wk	0.85593 Sched 7
				Day	0.12363
				on-pk	0.00508
				off-peak	0.00891
Losses		0.0297			

Notes:

* Regulation Capacity as a Percentage of Regulated Load

12 CP Load	OS Sales	Reg. Load	NF W/hl	Reg 12 CP	Reg Cap	Reg Pct
506.12	123.00	383.12	65.00	448.12	20.00	4.46%

** Reserve percentages based on 2003 actual SRSG requirements and loads

Derivation of Transmission Rates, Control Area Services and Revenue Requirements

SCHEDULE G-2A
Page 3 of 14

TRANSMISSION PLANT

TRANSMISSION LOAD	1 CP Load	1.35
NET INVESTMENT	12 CP Load	
INTEREST & DSCR page 6		

\$161,074.094

EXPENSES

EXPENSES
REVENUE CREDIT System Control & Load Disp.
Direct Assignment Facility
Other Operating Revenue
Special Contracts
Other Wheeling
Total of Credits

\$ (69,232,072)

TOTAL ANNUAL COSTS/KW

Point to Point Rate/1 CP kW	
\$44.512	\$0.000
\$44.512	\$44.512
\$3.709	\$0.000
\$3.709	\$3.709

Supporting Schedules:

Supporting Sch
E-5
B-1
C-1
G-2A, Page 11
G-2A, Page 8
G-2A, Page 14

327.947.057

Southwest Transmission Cooperative/Arizona Electric Power Cooperative

Derivation of Mohave Network Service 2 discounted Rate

Twelve Months Ended March 31, 2009

SCHEDULE G-2A
Page 4 of 14

SCHEDULE 7 & 8 / NETWORK TRANSMISSION RATE BASE & BILLING UNIT SUMMARY

TRANSMISSION PLANT

INTANGIBLE	\$4,246,440
TRANSMISSION	\$116,505,608
GENERAL PLANT	\$12,436,299
A/C 106	\$13,360,610
A/C 107 @ 50%	\$14,143,510
ACQUISITION ADJ & 105	\$391,627

TOTAL

\$161,074,094
Less: MEC NTS Discounted System Plant \$ 10,593,263

DEPRECIATION & AMORTIZATION RESERVE

TRANSMISSION	(60,986,081)
GENERAL PLANT	(6,472,037)
AMORTIZATION	(1,773,954)

TOTAL

(69,232,072)

NET TRANSMISSION PLANT

91,842,022

WORKING CAPITAL

1,829,723

RETIREMENT WIP

140,137

TOTAL RATE BASE

\$93,811,862
Less: MEC NTS Discounted Rate Base \$8,850,208

EXPENSES and EXPENSE ALLOCATION SUMMARY

TRANSMISSION OP	8,382,829	Less account RUS 561
TRANSMISSION MNT	4,423,221	
A&G	4,618,438	
TAXES	1,683,865	
DEP EXP	4,312,850	
System Control & Dispatch	4,525,854	
TOTAL	\$27,947,057	

System Plant Additions since 2005:

Apache Spare 115/69 kV Transformer	05/31/2005	\$	247,056	\$	130,085	\$	116,972
Permanent Replacement	12/31/2007		2,073,093		1,091,564		981,529
Apache Transformer Replacement	12/31/2008		3,145,320		21,624		3,123,696
Bicknell Substation Upgrade (2)	01/31/2007		270,095		31,017		239,078
Hackberry/Dos Condaos OPGW	01/31/2007	\$291,315	102,222		6,366		95,856
Hackberry Sub Line Tap (2)	03/31/2007		2,256,858		140,551		2,116,307
Hackberry Substation (2)	12/31/2007		153,142		80,635		72,507
Hooker Tap Metering	10/31/2005		114,089		60,072		54,017
Mortensen Tap Meter	05/31/2007		452,462		28,178		424,284
Saddlebrook Ranch Substation (2)	12/31/2005		165,979		52,513		113,466
Sandario 115 kV Transmission Line							

TRANSMISSION LOAD	683.7	0	683.7
NET INVESTMENT	506.12	0	506.12
INTEREST & TIER page 6	\$84,961,674	\$8,850,208	\$93,811,882
	7.977%	7.977%	7.977%

ANNUAL CARRYING COSTS

EXPENSES	\$6,777,589	\$706,002	\$7,483,591
REVENUE CREDITS	\$27,655,742	\$291,315	\$27,947,057
System Control & Load Disp.	\$1,458,531	\$0	\$1,458,531
Direct Assignment Facility	\$1,545,318	\$0	\$1,545,318
Other Operating Revenue	\$598,408	\$0	\$598,408
Special Contracts	\$1,295,300	\$0	\$1,295,300
& Other Wheeling	\$4,997,557	\$0	\$4,997,557
Total of Credits	\$29,435,774	\$997,317	\$30,433,091

POINT-TO-POINT REVENUE REQUIREMENTS

\$3,481,846

DISCOUNTED NETWORK TRANSMISSION REVENUE REQUIREMENT

\$25,953,928

Southwest Transmission Cooperative/Arizona Electric Power Cooperative
Derivation of Transmission Rates, Control Area Services and Revenue Requirements

SCHEDULE G-2A
Page 5 of 14

Twelve Months Ended March 31, 2009

SCHEDULE 1: System Control and Load Dispatch

Account 556 & 557		\$	4,619,118	Ex. Property taxes
Account 561			6,593	
EMS payment from AEPCCO			(407,904)	
AEPCCO Auxiliary Services Sched.2-6			(348,813)	
	TOTAL	\$	<u>3,868,994</u>	
RELIABILITY PORTION	50.00%	\$	1,934,497	
Generation Capacity			657,000	kW
System Control & Load Dispatch		\$	0.245	/kW-mo

Generation Capacity (Avg of Monthly)		Net Rated kW	
Apache Units (@SRSG)		576,000	Page 5
Purchased Pwr			
(Griffith & Southpoint)		50,000	Page 7
Fed Hydro (CRSP & PD)	Total	<u>31,000</u>	Actual Avg
		657,000	

Southwest Transmission Cooperative/Arizona Electric Power Cooperative

Derivation of Transmission Rates, Control Area Services and Revenue Requirements

SCHEDULE G-2A
Page 6 of 14

Twelve Months Ended March 31, 2009

Schedule 2: COST OF REACTIVE POWER (VAR) PRODUCTION

AEPCO system investment in Power Production Facilities

	Orig Cost	Net	
1 Total production plant in service	\$405,097,077	\$189,399,425	Schedule G-2A, Page 9
2 Turbogenerator Systems	\$54,638,869	\$23,457,593	Schedule G-2A, Page 7
3 Accessory Electric Equipment	\$20,143,173	\$8,647,880	Schedule G-2A, Page 7

Separation of Production Plant Allocation to VAR Production

\$74,782,041

4 Generator and Exciter Systems	#2*(1-Power Factor)	\$3,353,691
5 Accessory Electric Equipment	#3*(1-Power Factor)	\$1,236,372
6 Other Power Production Facilities	1-4-5*(.25%)	\$462,023

7 Total Facilities Allocated to VAR Production

\$5,052,086

Annualized Costs Facilities Allocated to VAR Production

	7*Int+DSCR	1.350	\$403,017
		7.977%	

Rates For VAR Production

	12 CP	1 CP
\$/kW/year	506.12	683.7
\$/kW/month	\$0.796	\$0.589
	\$0.066	\$0.049

Power Factor	Gross Nameplate Output in kW	Pwr Factor Generator Name plate	Weighted Power factor	EAF	
				Equivalent Availability Factor	Weighted Average
steam unit 1	77,400	0.85	10.885%	77.82%	9.97%
steam unit 2	195,000	0.85	27.424%	91.22%	29.43%
steam unit 3	195,000	0.85	27.424%	92.69%	29.90%
gas turbine 1	10,000	0.85	1.406%	83.20%	1.38%
gas turbine 2	20,000	0.9	2.978%	97.52%	3.23%
gas turbine 3	65,000	0.9	9.679%	96.26%	10.35%
gas turbine 4	42,000	0.85	5.907%	62.66%	4.35%
	604,400		85.703%		88.61%
(1-Power factor)			14.297%		

Southwest Transmission Cooperative/Arizona Electric Power Cooperative

Derivation of Transmission Rates, Control Area Services and Revenue Requirements

Twelve Months Ended March 31, 2009

Schedules 3, 5 & 6: APACHE STATION COST SUPPORT BY UNIT

[illegible]

	turbo equip	Plant dep reserve assigned to gas units	Turbo Depreciation Reserve	Net turbo plant
	314,313,344,345			
ST71	78,000	\$ 6,344,278	\$ (18,997,743)	\$ (5,430,049)
ST72	188,000	31,751,046	(86,950,886)	(7,418,125)
ST73	188,000	30,932,169	(79,812,423)	(16,695,738)
ST74	9,000	-	(1,800,094)	
GT71	17,000	877,136	(2,540,819)	(724,062)
GT72	64,000	4,072,970	(6,174,886)	(2,919,587)
GT74	40,000	2,531,189	(5,380,513)	(474,397)
TOTAL	576,000	\$ 76,908,736	\$ (201,657,361)	\$ (43,661,938)
				\$ 32,846,781

Regulation	kW Capacity	Cost/kW	Annual \$
ST2	180,000	\$118.859	\$22,341,800
ST3	188,000	\$110.868	\$20,843,122
ST1	70,000	\$44.696	\$3,128,705
	446,000		\$46,313,626
		\$/kW/year	\$103,342
		\$/kW/month	\$8,654

Intangible Plant	\$6,337,186
Transmission	\$2,869,491
General Plant	\$19,286,132
Acc 106	\$1,998,986
Acc 107	\$19,984,765
Acc 107 + adj. to Acc 312	

	2,504,556,300
Tot. Accum. Deprec. & Amort.	-5204,796,249
	\$3,138,888
Ret. Retirement W/P	

Accumulated Depreciation Transmission Ph	\$1,580,842
Accumulated Depreciation General and Inta	\$10,016,425
Accumulated Depreciation Amortization	\$2,443,024
Retired Work in Progress	\$3,547,307
	\$17,587,598

Schedule 5 Spinning

	kW Capacity	Cost/kW	Annual \$
1. Peak load	100	100	100
2. Off-peak load	100	100	100
3. Total load	200	100	200
4. Total cost			200

188,000	\$110,868	\$20,843,122
376,000		\$43,184,921

\$/kW/year **\$114.854**

\$/kW/month **\$9.571**

Account 310: Land account

STI	SRSG RATING	\$3,915,175
STI	70,000	\$475,803
STI	100,000	1,997,000

BT3	188,000	1,277,870
CI/CTI	9,000	61,175

ST2	2,100	
ST3	64,000	435,019
ST4	40,000	271,887

37000 30215113

Replacement			
GT1	9,000	\$105,740	\$951,659
ST1	70,000	\$44,696	\$3,128,705
GT3	64,000	\$18,973	\$1,214,245
	143,000		\$5,294,608

Schedule 6
SupplementalGT43

Southwest Transmission Cooperative/Arizona Electric Power Cooperative
Derivation of Transmission Rates, Control Area Services and Revenue Requirements

SCHEDULE G-
2A Page 3 of 14

Twelve Months Ended March 31, 2009

DEBT SERVICE CALCULATIONS

INTEREST ON LONG TERM DEBT	\$	4,999,328 (a)
PRINCIPAL PAYMENTS		<u>3,989,942 (b)</u>
TOTAL DEBT SERVICE	\$	8,989,270

DSCR

INTEREST RATES

	1.35 \$	12,135,514	1.35	7.977%
	1.20 \$	10,787,124	1.20	6.647%
LESS:				
DEPRECIATION & AMORTIZATION	\$	4,312,850 (c)		
NON-OPERATING MARGINS	\$	100,898 (c)		
PLUS:				
OTHER INTEREST EXPENSE	\$	248,531 (c)		
OTHER DEDUCTIONS	\$	1,399 (c)		
INTEREST CHARGED TO CONSTRUCTION	\$	(488,105) (c)		

RETURN

	1.35 \$	7,483,591
	1.20 \$	6,236,099
NET UTILITY PLANT	\$	91,842,022 (d)
WORKING CAPITAL	\$	1,829,723 (d)
RETIREMENT WIP	\$	140,137 (d)
TOTAL RATE BASE	\$	93,811,882

Supporting Schedules:

- (a) Schedule C-1, Page 4
- (b) Schedule A-2
- (c) Schedule F-1, Page 2
- (d) Schedule G-2A, Page 3

Southwest Transmission Cooperative/Arizona Electric Power Cooperative

Derivation of Transmission Rates, Control Area Services and Revenue Requirements

Twelve Months Ended March 31, 2009

SCHEDULE C-2A
Page 9 of 14

AEP CO PRODUCTION PLANT ORIGINAL COST AND NET PLANT SUMMARY FOR ANCILLARY SERVICES WORKSHEETS

INTANGIBLE	\$	5,290	PRODUCTION CAPABILITY (kW on SRSG Basis)	576,000
PRODUCTION			NET INVESTMENT	\$209,709,111
STEAM 1		22,196,122	INTEREST & DSCR page 6	1.35
STEAM 2		158,500,501		7.977%
STEAM 3		147,863,356		
GT 1		1,946,118		
GT 2		3,077,974		
GT 3		8,614,275		
GT 4		28,708,212		
Transmission		2,889,491		
GENERAL PLANT		19,286,132	ANNUAL CARRYING COSTS	\$ 16,728,980
A/C 106		1,998,986	ANNUAL EXPENSES	\$ 62,373,358
A/C 107@50%		9,992,383		
ACQUISITION ADJ		13,238		
TOTAL		\$ 405,097,077	PLANT ANNUAL REVENUE REQUIREMENTS	\$ 79,102,338
			PLANT ANNUAL COSTS/KW	\$ 137.33
			MONTH	\$ 11.44

DEPRECIATION & AMORTIZATION RESERVE

PRODUCTION			Gen Plant Fixed Charge Rate (Rev Req't/Rate Base)	37.720%
STEAM 1	\$	(18,997,743)	PURCHASE POWER CAPACITY (pre-forma 2009)	
STEAM 2		(86,940,886)	Purch Pwr Avg Contract Demand kW	300,000
STEAM 3		(79,812,422)	Southpoint	150,000
GT 1		(1,800,094)	Griffith	150,000
GT 2		(2,540,819)		
GT 3		(6,174,886)	Purch Pwr Annual Demand Charges	\$2,365,328
GT 4		(5,380,513)	Southpoint	\$1,389,300
GENERAL & INTANGIB		(10,016,425)	Griffith	\$976,028
TRANSMISSION PLANT		(1,580,842)		
AMORTIZATION		(2,442,024)	Purch Pwr Monthly Costs/kW	7.88
TOTAL		\$ (215,697,652)	Southpoint	\$9,262
			Griffith	\$6,507
NET PRODUCTION PLANT	\$	184,347,339	less turbo eqp.	\$ 5,052,086
WORKING CAPITAL	\$	21,814,465		
RETIREMENT WIP	\$	3,547,307	PLANT + PP Annual Rev Req't	\$81,467,666
PRODUCTION PLANT RATE BASE		\$ 209,709,111	Annual cost/kW	\$93,000
EXPENSE ALLOCATION			Monthly cost/kW	\$7,750
PRODUCTION OP	\$	12,748,120		
PRODUCTION MNT		18,780,152		
OTHER		2,591,246		
* TRANSMISSION EXP		4,516,966		
A&G		12,455,363		
TAXES		2,933,343		
DEP EXP		8,348,168		
TOTAL		\$ 62,373,358		

Southwest Transmission Cooperative/Arizona Electric Power Cooperative

Derivation of Transmission Rates, Control Area Services and Revenue Requirements

SCHEDULE G-2A

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Twelve Months Ended March 31, 2009

SCHEDULE 4: ENERGY IMBALANCE

Energy Imbalance Cost = Accts 501+547+ e-charge A/C 555/kwh

Fuel	501/547	\$	88,508,998
Purchased Power	555 Energy Only		13,428,375
Non-Firm Wheeling			2,880
Firm Contracts Energy Revenues			(2,448,992)
Economy Sales Energy Revenues			(3,952,272)
		\$	95,538,990

Total sales 2,604,463,779 kWh

\$ 36.68 \$/MWh

BILLING UNIT AND TRANSMISSION REVENUE SUMMARY WORKSHEET POINT TO POINT TRANSMISSION SERVICES

Loads in kW and rates in \$ per kW-mo. unless otherwise indicated

		APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
AEPCO Firm Pt to Pt - Agrmnts - kW dr	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	576,000
Rate p/p	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709
Firm Pt to Pt - Agrmnts	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$2,136,384
Loads	0	0	58,945	47,254	54,244	12,666	17,666	22,666	17,666	19,965	4,605	0	4,745	242,756
Rate p/p	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709
Firm Point to Point	\$0	\$0	\$218,627	\$175,265	\$201,191	\$46,978	\$84,068	\$84,068	\$84,068	\$74,050	\$17,080	\$0	\$17,599	\$900,382
MW&E Safford Mine wheeling	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Rate p/p	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709
Total Dollars P/P	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$445,080
TOTAL Point to Point														
	58,000	58,000	116,945	105,254	112,244	70,666	80,666	80,666	75,666	77,965	62,605	58,000	62,745	938,756
	\$215,122	\$215,122	\$433,749	\$390,387	\$416,313	\$262,100	\$299,190	\$299,190	\$280,645	\$289,172	\$232,202	\$215,122	\$232,721	\$3,481,846
Forecast Network Loads														
	344,378	499,761	566,730	555,630	560,588	510,185	430,298	337,349	337,349	352,786	340,957	337,863	298,211	Average
	402,378	557,761	602,675	660,884	672,832	580,851	510,964	413,015	413,015	430,751	403,562	395,863	360,956	427,895
Total Point to Point and Network Loads														12 CP Load
														\$58,675
														\$58,675

BILLING UNIT AND TRANSMISSION REVENUE SUMMARY WORKSHEET Revenue Credits

The Following Serve as Additional Bill Credits to Network Customers

Special Contract Revenue Credits													
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
Firm Pt to Pt - Serv -kwh	keep it												
AEPCO Firm	\$10,000	\$123,000	\$180,000	\$60,000	\$110,000	\$20,000	\$35,000	\$157,000	\$187,000	\$25,000	\$0	\$20,000	\$937,000
Point to Point	\$0,0023	\$0,0053	\$0,0053	\$0,0047	\$0,0044	\$0,0056	\$0,0044	\$0,0029	\$0,0029	\$0,0031	NA	\$0,0041	\$0,0041
Energy-Based	\$23	\$650	\$952	\$282	\$481	\$112	\$153	\$484	\$535	\$76	\$0	\$82	\$3,831
Firm Pt to Pt - Serv													
Loads in kwh			25,000	\$46,000	100,000	65,000	280,000	170,000	368,000	NA	NA	NA	1,554,000
Rate	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Dollars P/P	\$0	\$0	\$206	\$3,024	\$717	\$411	\$1,379	\$992	\$1,991	\$0	\$0	\$0	\$8,721
AEPCO	361,000	91,000	1,107,000	1,013,000	694,000	280,000	441,000	157,000	1,027,000	711,000	63,000	82,000	NA
Service to ED4 and ED5	1004.08	289.51	4137.59	3676.44	2531.91	736.26	1269.56	442.51	3052.6	2346.98	241.55	272	\$20,001
Loads(kwh)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Rate p/p	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Dollars P/P	\$68,387	\$50,918	\$23,944	\$3,348	\$5,204	\$17,931	\$35,216	\$19,870	\$12,123	\$13,330	\$7,740	\$2,604	\$260,615
AEPCO	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	132000
Rate P/P	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080
Firm P-t-P	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$142,560
Loads(kwh)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Rate p/p	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
3rd party sales	\$45	\$6,740	\$2,831	\$20,573	\$8,893	\$3,834	\$5,748	\$2,955	\$2,918	\$1,109	\$810	\$76	\$58,481
Umbrella													
AEPCO	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate p/p	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Firm Point to Point	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Point Energy Based													
AEPCO	7,301,231	8,978,481	10,862,433	11,486,243	15,762,613	2,359,971	2,202,364	1,694,000	4,759,331	2,468,154	2,681,600	1,267,249	70,914,870
Rate p/p	\$0,0040	\$0,0040	\$0,0039	\$0,0039	\$0,0040	\$0,0038	\$0,0039	\$0,0038	\$0,0039	\$0,0038	\$0,0038	\$0,0044	\$0,0044
Non-Firm kwh	\$28,933	\$32,048	\$42,799	\$44,916	\$62,665	\$9,978	\$8,500	\$6,430	\$18,500	\$9,278	\$10,271	\$5,532	\$278,950
Minimum Charge	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract Minum	\$28,933	\$32,048	\$42,799	\$44,916	\$62,665	\$9,978	\$8,500	\$6,430	\$18,500	\$9,278	\$10,271	\$5,532	\$278,950
Total Dollars P/P													
AEPCO	0	0	0	3,964,000	0	9,635,000	5,333,000	794,000	123,000	759,000	0	85,000	NA
Rate p/p	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Energy Based	\$0	\$0	\$0	\$23,388	\$0	\$65,521	\$32,314	\$4,743	\$577	\$17,978	\$20,376	\$22,201	\$187,098
Total Dollars P/P													
AEPCO	163,000	712,000	1,442,000	0	40,900,000	17,000	0	0	0	0	0	0	\$43,243,000
Rate	\$0,0047	\$0,0050	\$0,0048	NA	\$0,0072	NA	NA	NA	NA	NA	NA	NA	NA
Total Dollars	\$764	\$3,545	\$9,814	\$0	\$33,209	\$80	\$0	\$0	\$0	\$0	\$0	\$0	\$47,412
Total Special Contract Credits													
	\$111,036	\$106,072	\$96,564	\$111,088	\$125,581	\$152,709	\$137,536	\$88,872	\$92,653	\$97,074	\$92,394	\$83,723	\$1,295,300

BILLING UNIT AND TRANSMISSION REVENUE SUMMARY WORKSHEET NETWORK INTEGRATED TRANSMISSION SERVICES

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
COS Trans Revenue Requirements	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 2,536,091	\$ 30,433,091
Avg Mo Rev from Pt to Pt Service	\$ 290,154	\$ 290,154	\$ 290,154	\$ 290,154	\$ 290,154	\$ 290,154	\$ 290,154	\$ 290,154	\$ 290,154	\$ 290,154	\$ 290,154	\$ 290,154	\$ 3,481,846
Network Services Revenue Requirements	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 2,245,937	\$ 26,951,245
Discount Revenue Shortfall	\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ 19,645.22
Network Services	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,390
MBC System Discount	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 2,162,827	\$ 26,953,928
NETWORK													
Anza													
Loads: April 08 to March 09	6,712	7,488	10,008	10,404	9,948	9,884	8,852	6,388	8,860	8,083	7,071	8,304	96,412
Loads: April 07 to March 08	6,468	6,132	9,996	10,716	10,716	10,330	8,502	5,502	8,155	7,440	7,690	8,608	96,876
12 Month Rolling Avg	8,018	8,179	8,060	7,996	8,050	8,050	8,155	8,057	8,032	8,087	8,043	8,034	96,826
Trans Cost	\$ 39,829	\$ 40,358	\$ 40,720	\$ 40,640	\$ 40,517	\$ 41,095	\$ 41,753	\$ 41,431	\$ 41,598	\$ 42,010	\$ 42,013	\$ 42,205	\$484,169
Duncan													
Loads: April 08 to March 09	3,820	6,940	6,960	6,940	6,920	5,380	4,020	2,780	4,300	3,900	3,900	3,800	57,180
Loads: April 07 to March 08	3,100	5,840	6,000	6,020	6,020	3,720	4,520	3,820	4,520	4,320	4,160	3,280	55,780
12 Month Rolling Avg	4,712	4,745	4,770	4,770	4,772	4,908	4,867	4,872	4,803	4,768	4,745	4,765	57,440
Trans Cost	\$ 23,428	\$ 23,575	\$ 23,748	\$ 24,017	\$ 24,179	\$ 25,057	\$ 24,917	\$ 24,794	\$ 24,876	\$ 24,771	\$ 24,786	\$ 25,031	\$293,179
Graham													
Loads: April 08 to March 09	20,068	31,511	30,961	30,720	30,986	32,263	24,088	18,448	20,642	10,902	18,818	20,271	324,562
Loads: April 07 to March 08	21,235	29,549	40,099	39,125	36,524	30,341	27,068	16,488	21,918	20,110	18,731	19,488	324,454
12 Month Rolling Avg	26,932	27,112	27,100	27,190	27,148	27,148	27,176	27,172	27,066	27,065	26,979	27,047	325,526
Trans Cost	\$ 133,916	\$ 134,705	\$ 134,920	\$ 134,894	\$ 137,766	\$ 139,612	\$ 139,140	\$ 139,725	\$ 140,170	\$ 140,550	\$ 140,926	\$ 142,080	\$1,660,403
Mohave 1													
Loads: April 08 to March 09	106,021	130,616	149,516	168,516	168,516	160,516	137,918	94,924	84,804	81,768	77,681	56,032	1,433,326
Loads: April 07 to March 08	109,021	168,516	173,516	173,516	173,516	168,516	170,918	107,021	83,804	80,768	80,801	82,928	1,504,916
12 Month Rolling Avg	125,410	123,826	123,410	123,993	122,743	123,076	124,826	123,818	123,068	122,402	121,402	119,486	1,476,460
Trans Cost	\$ 623,583	\$ 615,219	\$ 614,409	\$ 620,147	\$ 621,958	\$ 623,301	\$ 639,098	\$ 636,702	\$ 637,353	\$ 638,868	\$ 634,143	\$ 637,670	\$ 7,534,452
Sulphur Springs 1													
Loads: April 08 to March 09	102,796	120,334	134,334	128,334	129,334	132,334	121,334	109,334	129,334	128,700	134,451	122,700	1,493,319
Loads: April 07 to March 08	122,269	164,707	196,965	203,463	184,378	178,211	161,454	123,555	132,809	120,700	124,451	111,700	1,844,962
12 Month Rolling Avg	152,124	148,456	143,207	136,946	132,359	128,536	125,193	123,983	122,073	122,693	123,527	124,443	1,583,465
Trans Cost	\$ 756,417	\$ 737,442	\$ 712,973	\$ 690,502	\$ 670,686	\$ 656,174	\$ 640,975	\$ 637,548	\$ 631,958	\$ 637,583	\$ 645,243	\$ 653,714	\$ 8,071,015
Trico													
Loads: April 08 to March 09	85,094	125,653	104,497	146,759	165,657	140,957	116,234	91,507	90,105	86,104	80,907	72,896	1,359,160
Loads: April 07 to March 08	88,723	110,813	148,465	163,780	148,028	138,724	109,819	88,372	82,888	87,572	84,402	69,646	1,326,679
12 Month Rolling Avg	110,204	111,558	113,061	113,893	112,739	112,739	113,266	113,694	113,486	113,280	113,989	113,263	1,352,169
Trans Cost	\$ 546,473	\$ 554,263	\$ 562,887	\$ 564,177	\$ 570,748	\$ 575,532	\$ 579,968	\$ 584,638	\$ 587,728	\$ 588,483	\$ 590,201	\$ 594,985	\$ 6,902,823
Mohave 2													
Loads: April 08 to March 09	0	17,785	37,200	26,423	25,982	7,188	0	0	0	0	0	0	114,578
Loads: April 07 to March 08	23,684	0	0	0	2,705	10,314	0	0	0	1,755	5,281	2,240	45,979
12 Month Rolling Avg	1,858	3,340	6,440	8,642	10,582	10,321	10,321	10,321	10,321	10,175	9,735	9,548	101,404
Trans Cost	\$ 8,890	\$ 15,969	\$ 30,853	\$ 41,931	\$ 51,597	\$ 50,703	\$ 50,851	\$ 51,873	\$ 51,436	\$ 50,865	\$ 48,933	\$ 48,266	\$ 501,366
Safford													
Loads: April 08 to March 09	10,573	17,042	17,336	18,100	18,877	15,531	13,212	8,792	9,355	9,065	9,240	7,564	154,687
Loads: April 07 to March 08	11,463	14,631	16,902	17,714	19,245	15,398	14,502	8,420	9,696	9,671	9,522	8,157	155,321
12 Month Rolling Avg	12,869	13,070	13,106	13,139	13,108	13,011	13,042	13,042	13,014	12,964	12,940	12,891	156,273
Trans Cost	\$ 63,591	\$ 64,938	\$ 65,251	\$ 66,246	\$ 66,419	\$ 66,972	\$ 66,617	\$ 67,067	\$ 67,398	\$ 67,344	\$ 67,592	\$ 67,716	\$ 797,551
Sulphur Springs 2													
Loads: April 08 to March 09	0	28,548	0	0	0	0	0	0	0	0	0	0	28,548
Loads: April 07 to March 08	3,794	6,173	6,173	6,173	6,173	6,173	6,173	6,173	6,173	6,173	6,173	6,173	74,576
12 Month Rolling Avg	18,864	30,669	30,732	31,124	31,279	31,512	31,604	31,742	31,968	32,137	32,379	32,497	399,609
Trans Cost	\$ 5,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,706
Thatcher													
Loads: April 08 to March 09	5,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	72,000
Loads: April 07 to March 08	5,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	72,000
12 Month Rolling Avg	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Trans Cost	\$ 29,834	\$ 29,810	\$ 29,872	\$ 30,253	\$ 30,403	\$ 30,630	\$ 30,719	\$ 30,853	\$ 31,073	\$ 31,170	\$ 31,341	\$ 31,519	\$ 367,477
TOTAL Network loads 12 mo. rolling Avg	452,813	453,373	451,446	445,759	443,557	449,272	438,988	437,882	433,990	432,648	430,280	427,856	\$286,263
Total Network Loads: April 07 to March 08	390,207	499,144	579,205	621,822	590,968	448,217	357,874	389,233	358,574	365,228	337,088	337,088	\$471,029
Total Network Loads: April 08 to March 09	344,378	499,761	566,730	555,630	560,588	510,185	430,298	337,349	352,786	340,957	337,863	298,211	\$514,736
TOTAL NETWORK DOLLARS	\$ 2,247,226	\$ 2,246,948	\$ 2,246,365	\$ 2,245,931	\$ 2,245,532	\$ 2,245,587	\$ 2,245,582	\$ 2,245,573	\$ 2,245,559	\$ 2,245,581	\$ 2,245,657	\$ 2,245,643	\$26,951,245
Per kW-month	4.97	4.97	4.98	5.04	5.06	5.10	5.12	5.14	5.17	5.19	5.22	5.25	5.10

BILLING UNIT AND TRANSMISSION REVENUE SUMMARY WORKSHEET
POINT-TO-POINT TRANSMISSION SERVICES

Loads in kW and rates in \$ per kW-mo. unless otherwise indicated

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
ARCO													
Firm P-1-P	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	576,000
Rate p/p	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423
Firm Dollars P/P	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$1,971,648
Supplier Springs													
Firm P-1-P	0	0	38,945	47,254	54,244	12,666	22,666	17,666	19,965	4,605	0	4,745	242,756
Rate p/p	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423
Total Dollars P/P	\$0	\$0	\$133,199	\$161,750	\$185,677	\$43,356	\$77,586	\$60,471	\$68,548	\$15,763	\$0	\$16,342	\$830,954
MW&E Safford Mine													
Firm P-1-P	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Rate p/p	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423	\$3.423
Firm Dollars P/P	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$410,760
TOTAL Point to Point													
LOADS kW	58,000	58,000	116,945	105,254	112,244	70,666	80,666	75,666	77,965	62,605	58,000	62,745	938,756
REVENUE	\$198,534	\$198,534	\$406,303	\$360,284	\$384,211	\$241,890	\$276,120	\$259,065	\$266,874	\$214,297	\$198,534	\$214,776	\$3,213,363
Fossberg Network Loads													
2011 Network (2010 PPS)	344,378	495,761	556,730	555,639	550,588	510,185	430,298	337,349	352,786	340,957	337,863	298,231	5,134,736
Total Point to Point and Network Loads	402,378	557,761	683,675	660,884	672,832	580,851	510,964	413,015	430,751	403,562	395,863	340,956	Average 427,895
													12 CP Load 506,124
													683,675

BILLING UNIT AND TRANSMISSION REVENUE SUMMARY WORKSHEET
Revenue Credits

The Following Serve as Additional Bill Credits to Network Customers

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
Special Contract Revenue Credits													
ARCO Firm	10,000	123,000	180,000	40,000	110,000	20,000	35,000	167,000	187,000	25,000	20,000	20,000	937,000
Point to Point	\$0.0023	\$0.0023	\$0.0023	\$0.0047	\$0.0044	\$0.0044	\$0.0044	\$0.0044	\$0.0044	\$0.0044	\$0.0044	\$0.0044	\$0.0044
Energy-Based	\$23	\$650	\$952	\$382	\$481	\$112	\$153	\$484	\$535	\$76	\$0	\$82	\$3,831
ARCO (kWh)													
3rd party sales	0	0	25,000	54,600	100,000	65,000	28,000	170,000	348,000	0	0	0	1,554,000
Rate p/p in mWh/kWh	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028
Total Dollars P/P	\$1,004	\$290	\$4,138	\$3,676	\$2,832	\$1,820	\$736	\$443	\$953	\$2,347	\$0	\$0	\$8,721
ARCO													
Service to EDM and	361,000	91,000	1,107,000	1,015,000	694,000	280,000	441,000	157,000	1,077,000	71,000	63,000	82,000	6,027,000
ED5	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028
Total Dollars P/P	\$1,004	\$290	\$4,138	\$3,676	\$2,832	\$1,820	\$736	\$443	\$953	\$2,347	\$0	\$0	\$20,001
Mohave													
3rd party sales	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Umbrella	\$68,387	\$50,918	\$23,944	\$3,348	\$5,204	\$17,931	\$35,216	\$19,870	\$12,123	\$11,330	\$7,740	\$2,604	\$260,615
Mohave													
Firm P-1-P	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	132,000
Rate p/p	\$1.080	\$1.080	\$1.080	\$1.080	\$1.080	\$1.080	\$1.080	\$1.080	\$1.080	\$1.080	\$1.080	\$1.080	\$1.080
Total Dollars P/P	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$142,560
Supplier Springs													
3rd party sales	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Umbrella	\$45	\$6,740	\$2,831	\$20,573	\$8,895	\$5,384	\$5,748	\$2,955	\$2,978	\$1,109	\$810	\$76	\$58,581
Supplier Springs													
Firm Point to	0	0	0	0	0	0	0	0	0	0	0	0	0
Point Energy Based	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MW&E - Safford Mine													
Non-Firm kWh	7,301,231	8,075,481	10,862,433	11,486,243	15,762,613	2,359,671	2,202,364	1,694,000	4,750,831	2,408,154	2,681,000	1,267,349	70,914,870
Rate p/p	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040
kWh Dollars P/P	\$29,205	\$32,302	\$43,549	\$46,010	\$63,046	\$9,558	\$8,850	\$6,756	\$18,900	\$9,633	\$10,721	\$5,076	\$278,590
Contract Minimum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Dollars P/P	\$29,205	\$32,302	\$43,549	\$46,010	\$63,046	\$9,558	\$8,850	\$6,756	\$18,900	\$9,633	\$10,721	\$5,076	\$278,590
TEP Point to Point													
Energy Based	0	0	0	3,564,000	0	9,635,000	5,333,000	794,000	123,000	799,000	NA	NA	20,693,000
Rate p/p	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Dollars P/P	\$0	\$0	\$0	\$3,849,600	\$0	\$10,459,000	\$5,777,100	\$859,600	\$131,100	\$859,600	\$0	\$0	\$197,090

BILLING UNIT AND TRANSMISSION REVENUE SUMMARY WORKSHEET
NETWORK INTEGRATED TRANSMISSION SERVICES[illegible]

Southwest Transmission Cooperative/Arizona Electric Power Cooperative

TRANSMISSION AND CONTROL AREA SERVICES RATES

Based on: NET PLANT NUMBERS TAKEN FROM CTS RUS 10/2001

Twelve Months Ended March 31, 2009

SCHEDULE G-2A

Page 13 of 14

Schedule 7&8/Network Transmission Rates	Point-to-Point	Network
	\$3.423	\$ 1,608,258 /KW-mo
MANDATORY ANCILLARY SERVICES		
Schedule 1 System Control & load Dispatch	\$0.289	\$0.289 /KW-mo
Schedule 2 Var support / voltage Control Only SW Gen Step-up Xfmrs All	\$0.094	\$0.120 /KW-mo /KW-mo
TOTAL MANDATORY SVCS	\$3.806	/KW-mo
FERC OPTIONAL ANCILLARY SVCS - AEPCO		
Schedule 3 Cost of Reg. & Frequency Response SW Gen Step Xfmrs ST 1, ST 2 & ST 3	Gen Cap Rate \$11.211	% Req'd 4.21% =
Schedule 5 Operating Reserves- Spinning SW Gen Step Xfmrs ST 2 & 3	\$14.433	4.94% =
Schedule 6 Operating Reserve- Supplemental SW Gen Step Xfmrs GT 1, GT 2	\$9.351	4.93% =
Schedule 4 Energy Imbalance - AEPCO	Energy in kind deviation +/-1.5%	
	AEPCO pays positive imbalance	\$23.25
	Customer pays negative imbalance	\$100.00 \$/MWh
Non-FERC Replacement Capacity - AEPCO		\$3.794
Southwest Gen Step Xfmrs ST 1, GT 3		

Losses 0.0297 Loss Study

Notes:

* Regulation Capacity as a Percentage of Regulated Load

12 CP Load	OS Sales	Reg. Load	NF Whl	Reg 12 CP	Reg Cap	Reg Pct
550.62	140.50	410.12	65.00	475.12	20.00	4.21%

** Reserve percentages based on 1999 actual SRSG requirements and loads

Southwest Transmission Cooperative, Inc.**ANCILLARY SERVICE SCHEDULE 1 NEW RATE:****SCHEDULE G-2A****Page 14 of 14****0.245**

Network Customer	Units	Revenue
Anza	96,412	\$ 23,621
Duncan	57,180	\$ 14,009
Graham	324,562	\$ 79,518
Mohave	1,433,826	\$ 351,287
Mohave #2	114,578	\$ 28,072
Sulphur	1,493,319	\$ 365,863
Sulphur #2	28,548	\$ 6,994
Trico	1,359,160	\$ 332,994
Thatcher	72,000	\$ 17,640
Safford	154,687	\$ 37,898
Total Network Customers	5,134,272	\$ 1,257,897

Firm Point-to-Point Customers	Units	Revenue
AEPCO	576,000	\$ 141,120
Sulphur Springs Firm Point to Point	242,756	\$ 59,475
MW&E Safford Wheeling	120,000	\$ 29,400
Total for Firm Point-to-Point Customers	938,756	\$ 229,995

Schedule 1 Revenue Credit	\$ 1,487,892
Adjustment for Other System Control & Load Dispatch	\$ 70,639
Total Schedule 1 Revenue Credit	\$ 1,558,531

H

Southwest Transmission Cooperative, Inc.

Analysis of Revenue by Detailed Class

Test Year - Annualized

SCHEDULE H-1

LINE NO.	CLASS OF SERVICE	REVENUES IN TEST YEAR (a)		PROPOSED INCREASE (b)	
		PRESENT	PROPOSED	AMOUNT	PERCENT
1.	NETWORK SERVICES	\$22,328,219	\$29,754,459	\$7,426,239	33.26%
2	POINT-TO-POINT SERVICES	\$3,484,662	\$3,711,841	\$227,179	6.52%
3.	TOTAL COMPANY	\$25,812,881	\$33,466,300	\$7,653,419	29.65%

SUPPORTING SCHEDULES:
(a) H-2, Pages 13 and 15

RECAP SCHEDULES:
(b) A-1

Southwest Transmission Cooperative, Inc.

Analysis of Revenue by Detailed Class
Test Year - Annualized

LINE NO.	CLASS OF SERVICE	CUSTOMERS		CONSUMPTION KW		REVENUE		PROPOSED INCREASE	
		(a)	(a)	PRESENT	PROPOSED	PRESENT	PROPOSED	AMOUNT	PERCENT
				(a)	(a)	(a)	(a)	(a)	(a)
Class A MEMBER CONTRACTS:									
1.	ANZA	1		96,826	96,826	\$ 381,294	\$ 517,643	\$ 136,349	35.76%
2.	DUNCAN	1		57,440	57,440	226,310	307,188	80,878	35.74%
3.	GRAHAM	1		325,326	325,326	1,281,904	1,739,921	458,016	35.73%
4.	MOHAVE	1		1,476,460	1,476,460	5,805,674	7,885,740	2,080,065	35.83%
5.	MOHAVE 2	1		101,604	101,604	412,769	535,240	122,472	29.67%
6.	SULPHUR	1		1,583,465	1,583,465	6,206,806	8,436,878	2,230,071	35.93%
7.	SULPHUR 2	1		64,700	64,700	244,103	336,603	92,500	37.89%
8.	TRICO	1		1,352,169	1,352,169	6,876,877	8,780,335	1,903,458	27.68%

9 Class A TOTAL MEMBER CONTRACTS: 8 5,057,990 \$ 21,435,738 \$ 28,539,548 \$ 7,103,810 33.14%

OTHER FIRM NETWORK CONTRACTS:

1.	SAFFORD	1		156,273	156,273	615,395	835,450	220,055	35.76%
2.	THATCHER	1		72,000	72,000	283,757	385,117	101,360	35.72%
3.	TOTAL FIRM CONTRACTS:	2		228,273	228,273	\$ 899,152	\$ 1,220,567	\$ 321,415	35.75%
4.	TOTAL COMPANY	10		5,286,263	5,286,263	\$ 22,334,890	\$ 29,760,115	\$ 7,425,225	33.24%

SUPPORTING SCHEDULES:
(a) H-2, Pages 2-11

RECAP SCHEDULES:
(b) H-1

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Test Year - Annualized

ANZA

LINE NO.	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
PRESENT RATE:													
1. Network Revenue Requirement	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,259,096
PROPOSED RATE:													
2. Network Revenue Requirement	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,890
PRESENT:													
3. Loads: April 08 to March 09	5,712	7,488	10,608	10,404	9,948	9,584	6,852	5,388	8,560	8,093	7,071	6,304	96,412
4. Loads: April 07 to March 08	6,468	6,132	9,936	11,832	10,716	9,036	5,592	6,564	9,156	7,440	7,596	6,408	96,876
5. 12 Month Rolling Avg.	8,010	8,123	8,179	8,060	7,996	8,050	8,155	8,057	8,032	8,087	8,043	8,034	96,826
PROPOSED:													
6. Loads: April 08 to March 09	5,712	7,488	10,608	10,404	9,948	9,584	6,852	5,388	8,560	8,093	7,071	6,304	96,412
7. Loads: April 07 to March 08	6,468	6,132	9,936	11,832	10,716	9,036	5,592	6,564	9,156	7,440	7,596	6,408	96,876
8. 12 Month Rolling Avg.	8,010	8,123	8,179	8,060	7,996	8,050	8,155	8,057	8,032	8,087	8,043	8,034	96,826
PRESENT REVENUE:													
9. Network Services	\$ 28,500	\$ 28,879	\$ 29,137	\$ 29,080	\$ 28,992	\$ 29,406	\$ 29,876	\$ 29,646	\$ 29,766	\$ 30,060	\$ 30,862	\$ 30,200	\$ 353,604
10. Scheduling & Ld. Control	1,869	1,772	3,066	3,007	2,875	2,799	1,980	1,557	2,561	2,339	2,044	1,822	27,690
11. Total	\$ 30,369	\$ 30,651	\$ 32,203	\$ 32,087	\$ 31,867	\$ 32,204	\$ 31,857	\$ 31,203	\$ 32,326	\$ 32,399	\$ 32,906	\$ 32,022	\$ 381,294
12. Average Cost (\$/KW)	\$ 4,695	\$ 4,998	\$ 3,241	\$ 2,712	\$ 2,974	\$ 3,564	\$ 5,697	\$ 4,754	\$ 3,531	\$ 4,355	\$ 4,227	\$ 4,997	\$ 3,936
PROPOSED REVENUE:													
13. Network Services	\$ 39,829	\$ 40,358	\$ 40,720	\$ 40,640	\$ 40,517	\$ 41,095	\$ 41,753	\$ 41,431	\$ 41,598	\$ 42,010	\$ 42,013	\$ 42,205	\$ 494,169
14. Scheduling & Ld. Control	1,585	1,502	2,599	2,549	2,437	2,373	1,679	1,320	2,171	1,983	1,732	1,544	23,474
15. Total	\$ 41,413	\$ 41,861	\$ 43,319	\$ 43,189	\$ 42,954	\$ 43,468	\$ 43,431	\$ 42,751	\$ 43,769	\$ 43,993	\$ 43,745	\$ 43,750	\$ 517,643
16. Average Cost (\$/KWH)	\$ 6,403	\$ 6,827	\$ 4,360	\$ 3,650	\$ 4,008	\$ 4,810	\$ 7,767	\$ 6,513	\$ 4,780	\$ 5,913	\$ 5,759	\$ 6,827	\$ 5,343
CHANGE IN TOTAL COST:													
17. REVENUE	\$ 11,045	\$ 11,210	\$ 11,116	\$ 11,102	\$ 11,087	\$ 11,263	\$ 11,575	\$ 11,548	\$ 11,443	\$ 11,594	\$ 11,639	\$ 11,728	\$ 136,349
18. PERCENT INC.	36.37%	36.57%	34.52%	34.60%	34.79%	34.97%	36.33%	37.01%	35.40%	35.78%	36.25%	36.62%	35.76%

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Test Year - Annualized

DUNCAN VALLEY

LINE NO.	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
PRESENT RATE:													
1. Network Revenue Requirement	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,299,096
PROPOSED RATE:													
2. Network Revenue Requirement	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,890
PRESENT:													
3. Loads: April 08 to March 09	3,860	6,040	6,960	5,940	6,620	5,560	4,020	2,780	4,300	3,900	3,900	3,500	57,180
4. Loads: April 07 to March 08	3,100	5,640	6,660	6,020	6,520	3,720	4,520	3,320	4,520	4,320	4,180	3,560	55,780
5. 12 Month Rolling Avg.	4,712	4,745	4,770	4,763	4,772	4,908	4,867	4,822	4,803	4,768	4,745	4,765	57,440
PROPOSED:													
6. Loads: April 08 to March 09	3,860	6,040	6,960	5,940	6,620	5,560	4,020	2,780	4,300	3,900	3,900	3,500	57,180
7. Loads: April 07 to March 08	3,100	5,640	6,660	6,020	6,520	3,720	4,520	3,320	4,520	4,320	4,180	3,560	55,780
8. 12 Month Rolling Avg.	4,712	4,745	4,770	4,763	4,772	4,908	4,867	4,822	4,803	4,768	4,745	4,765	57,440
PRESENT REVENUE:													
9. Network Services	\$ 16,764	\$ 16,869	\$ 16,993	\$ 17,186	\$ 17,301	\$ 17,930	\$ 17,829	\$ 17,741	\$ 17,800	\$ 17,725	\$ 17,735	\$ 17,911	\$ 209,785
10. Scheduling & Ld. Control	1,116	1,746	2,011	1,717	1,913	1,549	1,162	803	1,243	1,127	1,127	1,012	16,525
11. Total	\$ 17,880	\$ 18,615	\$ 19,004	\$ 18,903	\$ 19,214	\$ 19,479	\$ 18,991	\$ 18,545	\$ 19,043	\$ 18,852	\$ 18,863	\$ 18,923	\$ 226,310
12. Average Cost (\$/KW)	\$ 5,768	\$ 3,300	\$ 2,854	\$ 3,140	\$ 2,947	\$ 5,236	\$ 4,202	\$ 5,586	\$ 4,213	\$ 4,364	\$ 4,513	\$ 5,804	\$ 4,057
PROPOSED REVENUE:													
13. Network Services	\$ 23,428	\$ 23,575	\$ 23,748	\$ 24,017	\$ 24,179	\$ 25,057	\$ 24,917	\$ 24,794	\$ 24,876	\$ 24,771	\$ 24,786	\$ 25,031	\$ 293,179
14. Scheduling & Ld. Control	946	1,480	1,705	1,455	1,622	1,313	985	681	1,054	956	956	858	14,009
15. Total	\$ 24,374	\$ 25,055	\$ 25,453	\$ 25,473	\$ 25,801	\$ 26,370	\$ 25,902	\$ 25,475	\$ 25,930	\$ 25,727	\$ 25,741	\$ 25,889	\$ 307,188
16. Average Cost (\$/KWH)	\$ 7,863	\$ 4,442	\$ 3,822	\$ 4,231	\$ 3,957	\$ 7,089	\$ 5,730	\$ 7,673	\$ 5,737	\$ 5,955	\$ 6,158	\$ 7,941	\$ 5,507
CHANGE IN TOTAL COST:													
17. REVENUE	\$ 6,494	\$ 6,440	\$ 6,449	\$ 6,570	\$ 6,586	\$ 6,892	\$ 6,911	\$ 6,930	\$ 6,887	\$ 6,874	\$ 6,879	\$ 6,966	\$ 80,878
18. PERCENT INC.	36.32%	34.60%	33.93%	34.76%	34.28%	35.38%	36.39%	37.37%	36.16%	36.47%	36.47%	36.81%	35.74%

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Test Year - Annualized

GRAHAM COUNTY ELECTRIC

LINE NO.	PRESENT RATE:	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
1.	Network Revenue Requirement	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,299,096
2.	Network Revenue Requirement	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,890
3.	Loads: April 08 to March 09	20,966	31,511	39,951	39,726	36,986	32,263	24,988	18,448	20,642	19,992	18,818	20,271	324,562
4.	Loads: April 07 to March 08	21,235	29,349	40,099	39,125	36,529	30,341	27,052	18,498	21,918	20,119	19,731	19,458	323,454
5.	12 Month Rolling Avg.	26,932	27,112	27,100	27,150	27,188	27,348	27,176	27,172	27,066	27,055	26,979	27,047	325,326
6.	Loads: April 08 to March 09	20,966	31,511	39,951	39,726	36,986	32,263	24,988	18,448	20,642	19,992	18,818	20,271	324,562
7.	Loads: April 07 to March 08	21,235	29,349	40,099	39,125	36,529	30,341	27,052	18,498	21,918	20,119	19,731	19,458	323,454
8.	12 Month Rolling Avg.	26,932	27,112	27,100	27,150	27,188	27,348	27,176	27,172	27,066	27,055	26,979	27,047	325,326
9.	Network Services	\$ 95,824	\$ 96,388	\$ 96,542	\$ 97,955	\$ 98,579	\$ 99,900	\$ 99,462	\$ 99,981	\$ 100,299	\$ 100,571	\$ 100,840	\$ 101,666	\$ 1,188,106
10.	Scheduling & L.d. Control	6,059	9,107	11,546	11,481	10,689	9,324	7,223	5,331	5,966	5,778	5,438	5,858	93,798
11.	Total	\$ 101,883	\$ 105,495	\$ 108,088	\$ 109,436	\$ 109,268	\$ 109,224	\$ 106,785	\$ 105,312	\$ 106,265	\$ 106,348	\$ 106,278	\$ 107,524	\$ 1,281,904
12.	Average Cost (\$/KW)	\$ 4,798	\$ 3,594	\$ 2,696	\$ 2,797	\$ 2,091	\$ 3,600	\$ 3,947	\$ 5,693	\$ 4,848	\$ 5,286	\$ 5,386	\$ 5,526	\$ 3,963
13.	Network Services	\$ 133,916	\$ 134,705	\$ 134,920	\$ 136,894	\$ 137,766	\$ 139,612	\$ 139,140	\$ 139,725	\$ 140,170	\$ 140,550	\$ 140,926	\$ 142,080	\$ 1,660,403
14.	Scheduling & L.d. Control	5,137	7,720	9,188	9,733	9,062	7,904	6,122	4,580	5,057	4,898	4,610	4,966	79,518
15.	Total	\$ 139,053	\$ 142,425	\$ 144,108	\$ 146,627	\$ 146,828	\$ 147,517	\$ 145,262	\$ 144,245	\$ 145,227	\$ 145,448	\$ 145,536	\$ 147,046	\$ 1,739,921
16.	Average Cost (\$/KWH)	\$ 6,548	\$ 4,853	\$ 3,609	\$ 3,748	\$ 4,019	\$ 4,862	\$ 5,370	\$ 7,798	\$ 6,626	\$ 7,229	\$ 7,376	\$ 7,557	\$ 5,379
17.	REVENUE	\$ 37,170	\$ 36,910	\$ 36,620	\$ 37,191	\$ 37,560	\$ 38,293	\$ 38,478	\$ 38,933	\$ 38,963	\$ 39,099	\$ 39,258	\$ 39,322	\$ 458,016
18.	PERCENT INC.	36.48%	35.01%	33.88%	33.98%	34.37%	35.06%	36.03%	36.97%	36.67%	36.77%	36.84%	36.76%	35.73%

CHANGE IN TOTAL COST:

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Test Year - Annualized

MOHAVE ELECTRIC I

LINE NO.	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
PRESENT RATE:													
1. Network Revenue Requirement	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,199,096
2. Network Revenue Requirement	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,890
PRESENT:													
3. Loads: April 08 to March 09	109,021	139,516	149,516	168,516	169,516	168,516	137,918	94,924	84,804	81,756	77,891	59,932	1,433,826
4. Loads: April 07 to March 08	109,021	158,516	154,516	173,516	172,516	156,516	116,918	107,021	93,804	89,756	89,891	82,925	1,504,916
5. 12 Month Rolling Avg.	125,410	125,826	125,410	122,993	122,743	123,076	124,826	123,818	123,068	122,402	121,402	119,486	1,476,460
PROPOSED:													
6. Loads: April 08 to March 09	109,021	139,516	149,516	168,516	169,516	168,516	137,918	94,924	84,804	81,756	77,891	59,932	1,433,826
7. Loads: April 07 to March 08	109,021	158,516	154,516	173,516	172,516	156,516	116,918	107,021	93,804	89,756	89,891	82,925	1,504,916
8. 12 Month Rolling Avg.	125,410	125,826	125,410	122,993	122,743	123,076	124,826	123,818	123,068	122,402	121,402	119,486	1,476,460
PRESENT REVENUE:													
9. Network Services	\$ 446,207	\$ 440,222	\$ 439,642	\$ 443,748	\$ 445,044	\$ 449,583	\$ 457,408	\$ 455,594	\$ 456,060	\$ 454,997	\$ 453,763	\$ 449,131	\$ 5,391,298
10. Scheduling & Ld. Control	31,597	40,320	43,210	48,701	48,990	46,389	39,858	27,433	24,598	23,627	22,510	17,320	414,376
11. Total	\$ 477,714	\$ 480,542	\$ 482,852	\$ 492,449	\$ 494,034	\$ 495,972	\$ 497,167	\$ 483,027	\$ 480,658	\$ 478,624	\$ 476,274	\$ 466,452	\$ 5,805,674
12. Average Cost (\$/KW)	\$ 4,382	\$ 3,032	\$ 3,125	\$ 2,838	\$ 2,864	\$ 3,169	\$ 4,252	\$ 4,513	\$ 5,123	\$ 5,333	\$ 5,298	\$ 5,625	\$ 3,858
PROPOSED REVENUE:													
13. Network Services	\$ 623,583	\$ 615,219	\$ 614,409	\$ 620,147	\$ 621,958	\$ 628,301	\$ 639,098	\$ 636,702	\$ 637,353	\$ 635,868	\$ 634,143	\$ 627,670	\$ 7,534,452
14. Scheduling & Ld. Control	26,710	34,181	36,631	41,286	41,531	39,326	33,790	23,256	20,777	20,030	19,083	14,683	351,287
15. Total	\$ 650,293	\$ 649,401	\$ 651,040	\$ 661,434	\$ 663,490	\$ 667,628	\$ 672,888	\$ 659,958	\$ 658,130	\$ 655,898	\$ 653,227	\$ 642,354	\$ 7,885,740
16. Average Cost (\$/KWH)	\$ 5,965	\$ 4,097	\$ 4,213	\$ 3,812	\$ 3,846	\$ 4,266	\$ 5,755	\$ 6,167	\$ 7,016	\$ 7,308	\$ 7,267	\$ 7,746	\$ 5,240
CHANGE IN TOTAL COST:													
17. REVENUE	\$ 172,580	\$ 168,859	\$ 168,188	\$ 168,984	\$ 169,456	\$ 171,656	\$ 175,721	\$ 176,931	\$ 177,562	\$ 177,273	\$ 176,953	\$ 175,902	\$ 2,080,065
18. PERCENT INC.	36.13%	35.14%	34.83%	34.32%	34.30%	34.61%	35.54%	36.63%	36.95%	37.04%	37.15%	37.71%	35.83%

MOHAVE ELECTRIC 2

[illegible]

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Test Year - Annualized

SULPHUR SPRINGS VALLEY 1

LINE NO.	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
PRESENT RATE:													
1. Network Revenue Requirement	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,299,096
PROPOSED RATE:													
2. Network Revenue Requirement	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,890
PRESENT:													
3. Loads: April 08 to March 09	102,796	120,334	134,334	128,334	139,334	132,334	121,334	109,334	129,334	128,700	134,451	122,700	1,493,319
4. Loads: April 07 to March 08	122,269	164,707	196,965	203,463	184,378	178,211	161,454	123,855	152,809	120,700	124,451	111,700	1,844,962
5. 12 Month Rolling Avg.	152,124	148,426	143,207	136,946	132,359	128,536	125,193	123,983	122,027	122,693	123,527	124,443	1,583,465
PROPOSED:													
6. Loads: April 08 to March 09	102,796	120,334	134,334	128,334	139,334	132,334	121,334	109,334	129,334	128,700	134,451	122,700	1,493,319
7. Loads: April 07 to March 08	122,269	164,707	196,965	203,463	184,378	178,211	161,454	123,855	152,809	120,700	124,451	111,700	1,844,962
8. 12 Month Rolling Avg.	152,124	148,426	143,207	136,946	132,359	128,536	125,193	123,983	122,027	122,693	123,527	124,443	1,583,465
PRESENT REVENUE:													
9. Network Services	\$ 541,256	\$ 527,679	\$ 510,170	\$ 494,090	\$ 479,911	\$ 469,527	\$ 458,651	\$ 456,199	\$ 452,200	\$ 456,081	\$ 461,706	\$ 467,767	\$ 5,775,237
10. Scheduling & Ld. Control	29,708	34,777	38,823	37,089	37,378	38,245	35,066	31,598	37,378	37,194	38,856	35,460	431,569
11. Total	\$ 570,964	\$ 562,455	\$ 548,992	\$ 531,179	\$ 517,289	\$ 507,772	\$ 493,717	\$ 487,797	\$ 489,577	\$ 493,275	\$ 500,562	\$ 503,227	\$ 6,206,806
PROPOSED REVENUE:													
12. Average Cost (\$/KW)	\$ 4.670	\$ 3.415	\$ 2.787	\$ 2.611	\$ 2.806	\$ 2.849	\$ 3.058	\$ 3.938	\$ 3.204	\$ 4.087	\$ 4.022	\$ 4.505	\$ 3.364
CHANGE IN TOTAL COST:													
13. Network Services	\$ 756,417	\$ 737,442	\$ 712,973	\$ 690,502	\$ 670,686	\$ 656,174	\$ 640,975	\$ 637,548	\$ 631,958	\$ 637,383	\$ 645,243	\$ 653,714	\$ 8,071,015
14. Scheduling & Ld. Control	25,185	29,482	32,912	31,442	31,687	32,422	29,727	26,787	31,687	31,532	32,940	30,062	365,863
15. Total	\$ 781,602	\$ 766,924	\$ 745,884	\$ 721,944	\$ 702,373	\$ 688,596	\$ 670,702	\$ 664,335	\$ 663,645	\$ 668,914	\$ 678,184	\$ 683,775	\$ 8,436,878
16. Average Cost (\$/KWH)	\$ 6.392	\$ 4.656	\$ 3.787	\$ 3.548	\$ 3.809	\$ 3.864	\$ 4.154	\$ 5.364	\$ 4.343	\$ 5.542	\$ 5.449	\$ 6.122	\$ 4.573
CHANGE IN TOTAL COST:													
17. REVENUE	\$ 210,638	\$ 204,469	\$ 196,892	\$ 190,765	\$ 185,084	\$ 180,824	\$ 176,985	\$ 176,538	\$ 174,068	\$ 175,639	\$ 177,622	\$ 180,548	\$ 2,230,071
18. PERCENT INC.	36.89%	36.35%	35.86%	35.91%	35.78%	35.61%	35.85%	36.19%	35.55%	35.61%	35.48%	35.88%	35.93%

Southwest Transmission Cooperative, Inc.

SULPHUR SPRINGS VALLEY 2

[illegible]

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Test Year - Annualized

TRICO ELECTRIC

LINE NO.	PRESENT RATE:	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
1.	Network Revenue Requirement	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,299,096
2.	PROPOSED RATE:													
3.	Network Revenue Requirement	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,880
4.	PRESENT:													
5.	Loads: April 08 to March 09	85,694	125,853	164,497	149,759	155,557	140,957	116,234	91,507	90,195	85,104	80,967	72,836	1,359,160
6.	Loads: April 07 to March 08	88,723	110,813	146,455	163,780	146,628	139,724	109,919	86,372	92,686	87,572	84,462	69,545	1,326,679
7.	12 Month Rolling Avg.	110,304	111,558	113,061	111,893	112,637	112,739	113,266	113,694	113,486	113,280	112,989	113,263	1,352,169
8.	PROPOSED:													
9.	Loads: April 08 to March 09	85,694	125,853	164,497	149,759	155,557	140,957	116,234	91,507	90,195	85,104	80,967	72,836	1,359,160
10.	Loads: April 07 to March 08	88,723	110,813	146,455	163,780	146,628	139,724	109,919	86,372	92,686	87,572	84,462	69,545	1,326,679
11.	12 Month Rolling Avg.	110,304	111,558	113,061	111,893	112,637	112,739	113,266	113,694	113,486	113,280	112,989	113,263	1,352,169
12.	PROPOSED REVENUE:													
13.	Direct Assignment Facilities	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 1,545,318
14.	Network Services	392,461	396,604	402,775	405,699	408,400	411,823	414,955	418,340	420,550	421,091	422,320	423,743	4,938,762
15.	Scheduling & Ld. Control	24,766	36,372	47,540	43,280	44,956	40,737	33,592	26,446	26,066	24,595	23,399	21,050	392,797
16.	Total	\$ 546,004	\$ 561,752	\$ 579,091	\$ 575,756	\$ 582,133	\$ 581,336	\$ 577,323	\$ 573,562	\$ 575,393	\$ 574,462	\$ 574,496	\$ 575,569	\$ 6,876,877
17.	Average Cost (\$/KW)	\$ 6.154	\$ 5.069	\$ 3.954	\$ 3.515	\$ 3.970	\$ 4.161	\$ 5.252	\$ 6.641	\$ 6.208	\$ 6.560	\$ 6.802	\$ 8.276	\$ 5.184
18.	PROPOSED REVENUE:													
19.	Direct Assignment Facilities	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 1,545,318
20.	Network Services	548,473	554,263	562,887	564,177	570,748	575,532	579,908	584,638	587,728	588,483	590,201	594,985	6,902,823
21.	Scheduling & Ld. Control	20,595	36,834	40,303	36,691	36,111	34,534	28,477	22,419	22,898	20,550	19,837	17,845	332,994
22.	Total	\$ 698,845	\$ 715,873	\$ 731,965	\$ 729,645	\$ 737,636	\$ 738,843	\$ 737,162	\$ 735,834	\$ 738,602	\$ 738,110	\$ 738,814	\$ 741,606	\$ 8,780,335
23.	Average Cost (\$/KW)	\$ 7.870	\$ 6.442	\$ 4.998	\$ 4.455	\$ 5.031	\$ 5.288	\$ 6.706	\$ 8.519	\$ 7.969	\$ 8.429	\$ 8.747	\$ 10.664	\$ 6.618
24.	CHANGE IN TOTAL COST:													
25.	REVENUE	\$ 152,241	\$ 152,121	\$ 152,874	\$ 153,889	\$ 155,303	\$ 157,506	\$ 159,539	\$ 162,272	\$ 163,209	\$ 163,648	\$ 164,318	\$ 166,037	\$ 1,903,458
26.	PERCENT INC.	27.88%	27.08%	26.40%	26.73%	26.71%	27.09%	27.69%	28.29%	28.36%	28.49%	28.60%	28.85%	27.68%

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Test Year - Annualized

Safford

LINE NO.		APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
1.	Network Revenue Requirement	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,299,096
	PROPOSED RATE:													
2.	Network Revenue Requirement	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,880
	PRESENT:													
3.	Loads: April 08 to March 09	10,573	17,042	17,536	18,100	18,877	15,531	13,212	8,792	9,355	9,065	9,240	7,564	154,687
4.	Loads: April 07 to March 08	11,463	14,631	16,902	17,714	19,245	15,398	14,502	8,420	9,696	9,671	9,522	8,157	155,321
5.	12 Month Rolling Avg.	12,869	13,070	13,106	13,139	13,108	13,119	13,011	13,042	13,014	12,964	12,940	12,891	156,273
	PROPOSED:													
6.	Loads: April 08 to March 09	10,573	17,042	17,536	18,100	18,877	15,531	13,212	8,792	9,355	9,065	9,240	7,564	154,687
7.	Loads: April 07 to March 08	11,463	14,631	16,902	17,714	19,245	15,398	14,502	8,420	9,696	9,671	9,522	8,157	155,321
8.	12 Month Rolling Avg.	12,869	13,070	13,106	13,139	13,108	13,119	13,011	13,042	13,014	12,964	12,940	12,891	156,273
	PRESENT REVENUE:													
9.	Network Services	\$ 45,789	\$ 46,466	\$ 46,691	\$ 47,403	\$ 47,527	\$ 47,922	\$ 47,668	\$ 47,990	\$ 48,227	\$ 48,189	\$ 48,366	\$ 48,454	\$ 570,690
10.	Scheduling & Ld. Control	3,056	4,925	5,010	5,231	5,455	4,488	3,818	2,541	2,704	2,620	2,670	2,186	44,705
11.	Total	\$ 48,844	\$ 51,392	\$ 51,701	\$ 52,633	\$ 52,982	\$ 52,410	\$ 51,486	\$ 50,531	\$ 50,930	\$ 50,808	\$ 51,036	\$ 50,640	\$ 615,395
12.	Average Cost (\$/KW)	\$ 4.261	\$ 3.513	\$ 3.099	\$ 2.971	\$ 2.753	\$ 3.404	\$ 3.550	\$ 6.001	\$ 5.253	\$ 5.254	\$ 5.360	\$ 6.208	\$ 3.962
	PROPOSED REVENUE:													
13.	Network Services	\$ 63,991	\$ 64,938	\$ 65,251	\$ 66,246	\$ 66,419	\$ 66,972	\$ 66,617	\$ 67,067	\$ 67,398	\$ 67,344	\$ 67,592	\$ 67,716	\$ 797,551
14.	Scheduling & Ld. Control	2,590	4,175	4,247	4,435	4,625	3,805	3,237	2,154	2,292	2,221	2,264	1,853	37,898
15.	Total	\$ 66,581	\$ 69,113	\$ 69,499	\$ 70,681	\$ 71,044	\$ 70,777	\$ 69,854	\$ 69,221	\$ 69,690	\$ 69,565	\$ 69,856	\$ 69,569	\$ 835,450
16.	Average Cost (\$/KWHD)	\$ 5.808	\$ 4.724	\$ 4.112	\$ 3.990	\$ 3.692	\$ 4.596	\$ 4.817	\$ 8.221	\$ 7.187	\$ 7.193	\$ 7.336	\$ 8.529	\$ 5.379
	CHANGE IN TOTAL COST:													
17.	REVENUE	\$ 17,737	\$ 17,722	\$ 17,798	\$ 18,047	\$ 18,062	\$ 18,367	\$ 18,368	\$ 18,690	\$ 18,759	\$ 18,757	\$ 18,820	\$ 18,929	\$ 220,055
18.	PERCENT INC.	36.31%	34.48%	34.42%	34.29%	34.09%	35.04%	35.67%	36.99%	36.83%	36.92%	36.88%	37.38%	35.76%

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Test Year - Annualized

Thatcher

LINE NO.	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
1. Network Revenue Requirement	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,299,096
PROPOSED RATE:													
2. Network Revenue Requirement	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,890
PRESENT:													
3. Loads: April 08 to March 09													
4. Loads: April 07 to March 08	5,000	7,000	7,000	7,000	7,000	7,000	7,000	5,000	5,000	5,000	5,000	5,000	72,000
5. 12 Month Rolling Avg.	5,000	7,000	7,000	7,000	7,000	7,000	7,000	5,000	5,000	5,000	5,000	5,000	72,000
PROPOSED:													
6. Loads: April 08 to March 09													
7. Loads: April 07 to March 08	5,000	7,000	7,000	7,000	7,000	7,000	7,000	5,000	5,000	5,000	5,000	5,000	72,000
8. 12 Month Rolling Avg.	5,000	7,000	7,000	7,000	7,000	7,000	7,000	5,000	5,000	5,000	5,000	5,000	72,000
PRESENT REVENUE:													
9. Network Services	\$ 21,348	\$ 21,331	\$ 21,375	\$ 21,647	\$ 21,755	\$ 21,917	\$ 21,981	\$ 22,077	\$ 22,224	\$ 22,303	\$ 22,426	\$ 22,553	\$ 262,949
10. Scheduling & Ld. Control	1,445	2,023	2,023	2,023	2,023	2,023	2,023	1,445	1,445	1,445	1,445	1,445	20,808
11. Total	\$ 22,793	\$ 23,354	\$ 23,398	\$ 23,670	\$ 23,778	\$ 23,940	\$ 24,004	\$ 23,522	\$ 23,679	\$ 23,748	\$ 23,871	\$ 23,998	\$ 283,757
12. Average Cost (\$/KWH)	\$ 4.559	\$ 3.336	\$ 3.343	\$ 3.381	\$ 3.397	\$ 3.420	\$ 3.429	\$ 4.704	\$ 4.736	\$ 4.750	\$ 4.774	\$ 4.800	\$ 3.941
PROPOSED REVENUE:													
13. Network Services	\$ 29,834	\$ 29,810	\$ 29,872	\$ 30,253	\$ 30,403	\$ 30,630	\$ 30,719	\$ 30,853	\$ 31,073	\$ 31,170	\$ 31,241	\$ 31,519	\$ 367,477
14. Scheduling & Ld. Control	1,225	1,715	1,715	1,715	1,715	1,715	1,715	1,225	1,225	1,225	1,225	1,225	17,640
15. Total	\$ 31,059	\$ 31,525	\$ 31,587	\$ 31,968	\$ 32,118	\$ 32,345	\$ 32,434	\$ 32,078	\$ 32,298	\$ 32,395	\$ 32,466	\$ 32,744	\$ 385,117
16. Average Cost (\$/KWH)	\$ 6.212	\$ 4.504	\$ 4.512	\$ 4.567	\$ 4.588	\$ 4.621	\$ 4.633	\$ 6.416	\$ 6.460	\$ 6.479	\$ 6.513	\$ 6.549	\$ 5.349
CHANGE IN TOTAL COST:													
17. REVENUE	\$ 8,266	\$ 8,171	\$ 8,189	\$ 8,297	\$ 8,340	\$ 8,405	\$ 8,430	\$ 8,556	\$ 8,619	\$ 8,646	\$ 8,695	\$ 8,745	\$ 101,360
18. PERCENT INC.	36.27%	34.99%	35.00%	35.05%	35.07%	35.11%	35.12%	36.37%	36.40%	36.41%	36.42%	36.44%	35.72%

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Year - Annualized

CLASS A MEMBER RATES

LINE NO.	PRESENT RATE:	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
1.	Network Revenue Requirement	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,299,096
2.	PROPOSED RATE:													
2.	Network Revenue Requirement	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 2,247,574	\$ 26,970,890
3.	PRESENT:													
3.	Loads: April 08 to March 09	343,622	501,117	567,402	554,202	559,820	510,833	431,558	336,173	352,490	341,610	337,338	298,107	5,134,272
4.	Loads: April 07 to March 08	390,963	496,788	578,533	622,450	586,237	550,260	446,957	359,050	389,589	357,721	365,753	327,192	5,471,493
5.	12 Month Rolling Avg.	452,013	452,373	451,446	445,759	443,557	440,272	438,988	437,082	433,990	432,648	430,280	427,856	5,286,263
6.	PROPOSED:													
6.	Loads: April 08 to March 09	343,622	501,117	567,402	554,202	559,820	510,833	431,558	336,173	352,490	341,610	337,338	298,107	5,134,272
7.	Loads: April 07 to March 08	390,963	496,788	578,533	622,450	586,237	550,260	446,957	359,050	389,589	357,721	365,753	327,192	5,471,493
8.	12 Month Rolling Avg.	452,013	452,373	451,446	445,759	443,557	440,272	438,988	437,082	433,990	432,648	430,280	427,856	5,286,263
9.	PRESENT REVENUE:													
9.	Direct Assignment Facilities	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 1,545,318
10.	Network Services	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 1,608,258	\$ 19,299,096
11.	Scheduling & Ld. Control	\$ 99,307	\$ 144,823	\$ 163,979	\$ 160,164	\$ 161,788	\$ 147,631	\$ 124,720	\$ 97,154	\$ 101,870	\$ 98,725	\$ 97,491	\$ 86,153	\$ 1,483,805
12.	Total	\$ 1,836,341	\$ 1,881,857	\$ 1,901,014	\$ 1,897,139	\$ 1,898,822	\$ 1,884,665	\$ 1,861,755	\$ 1,834,188	\$ 1,838,904	\$ 1,835,760	\$ 1,834,525	\$ 1,823,187	\$ 22,328,219
13.	Average Cost (\$/KW)	\$ 4,697	\$ 3,788	\$ 3,286	\$ 3,048	\$ 3,239	\$ 3,425	\$ 4,165	\$ 5,108	\$ 4,720	\$ 5,132	\$ 5,016	\$ 5,572	\$ 4,081
14.	PROPOSED REVENUE:													
14.	Direct Assignment Facilities	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 128,777	\$ 1,545,318
15.	Network Services	\$ 2,247,226	\$ 2,246,948	\$ 2,246,365	\$ 2,245,931	\$ 2,245,552	\$ 2,245,587	\$ 2,245,582	\$ 2,245,573	\$ 2,245,559	\$ 2,245,581	\$ 2,245,657	\$ 2,245,683	\$ 26,951,245
16.	Scheduling & Ld. Control	\$ 84,187	\$ 122,774	\$ 139,013	\$ 135,779	\$ 137,156	\$ 125,154	\$ 105,732	\$ 82,362	\$ 86,360	\$ 83,694	\$ 82,648	\$ 73,036	\$ 1,257,897
17.	Total	\$ 2,460,190	\$ 2,498,499	\$ 2,514,155	\$ 2,510,487	\$ 2,511,488	\$ 2,499,518	\$ 2,480,090	\$ 2,456,712	\$ 2,460,695	\$ 2,458,062	\$ 2,457,001	\$ 2,447,496	\$ 29,754,459
18.	Average Cost (\$/KWH)	\$ 6,293	\$ 5,029	\$ 4,346	\$ 4,033	\$ 4,284	\$ 4,542	\$ 5,549	\$ 6,842	\$ 6,316	\$ 6,871	\$ 6,718	\$ 7,480	\$ 5,438
19.	CHANGE IN TOTAL COST:													
19.	REVENUE	\$ 623,848	\$ 580,028	\$ 613,142	\$ 613,288	\$ 612,662	\$ 614,853	\$ 618,335	\$ 622,523	\$ 621,791	\$ 622,292	\$ 622,556	\$ 624,308	\$ 7,426,241
20.	PERCENT INC.	33.97%	30.82%	32.25%	32.33%	32.27%	32.62%	33.21%	33.94%	33.81%	33.90%	33.94%	34.24%	33.26%

Southwest Transmission Cooperative, Inc.
Analysis of Revenue by Detailed Class
Test Year - Annualized

Total For Network Tariff

LINE NO.	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
1.	1,608,258	1,608,258	1,608,258	1,608,258	1,608,258	1,608,258	1,608,258	1,608,258	1,608,258	1,608,258	1,608,258	1,608,258	19,299,096

Network Revenue Requirement \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 1,608,258 \$ 19,299,096

PROPOSED RATE:

2. Network Revenue Requirement \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 2,247,574 \$ 26,970,890

PRESENT:

3. Loads: April 08 to March 09 343,622 501,117 567,402 554,202 559,820 510,833 431,558 356,173 352,490 341,610 337,338 298,107 5,134,272
 4. Loads: April 07 to March 08 390,963 496,788 578,533 622,450 586,237 550,260 446,957 359,050 389,589 357,721 365,753 327,192 5,471,493
 5. 12 Month Rolling Avg. 452,013 452,373 451,446 445,759 443,557 440,272 438,988 437,082 433,990 432,648 430,280 427,856 5,286,263

PROPOSED:

6. Loads: April 08 to March 09 343,622 501,117 567,402 554,202 559,820 510,833 431,558 356,173 352,490 341,610 337,338 298,107 5,134,272
 7. Loads: April 07 to March 08 390,963 496,788 578,533 622,450 586,237 550,260 446,957 359,050 389,589 357,721 365,753 327,192 5,471,493
 8. 12 Month Rolling Avg. 452,013 452,373 451,446 445,759 443,557 440,272 438,988 437,082 433,990 432,648 430,280 427,856 5,286,263

PRESENT REVENUE:

9. Direct Assignment Facilities \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 1,545,318
 10. Network Services 1,608,258 1,608,258 1,608,258 1,608,258 1,608,258 1,608,258 1,608,258 1,608,258 1,608,258 1,608,258 1,608,258 1,608,258 19,299,096
 11. Scheduling & Ld. Control 99,307 144,823 163,979 180,164 161,788 147,631 124,720 97,154 101,870 98,725 97,491 86,153 1,483,805
 12. Total \$ 1,836,341 \$ 1,881,857 \$ 1,901,014 \$ 1,897,199 \$ 1,898,822 \$ 1,884,665 \$ 1,861,755 \$ 1,834,168 \$ 1,838,904 \$ 1,835,760 \$ 1,834,525 \$ 1,823,187 \$ 22,328,219
 13. Average Cost (\$/KW) \$ 4.697 \$ 3.788 \$ 3.286 \$ 3.048 \$ 3.239 \$ 3.425 \$ 4.165 \$ 5.108 \$ 4.720 \$ 5.132 \$ 5.016 \$ 5.572 \$ 4.081

PROPOSED REVENUE:

14. Direct Assignment Facilities \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 128,777 \$ 1,545,318
 15. Network Services 2,247,226 2,246,948 2,246,365 2,245,931 2,245,552 2,245,587 2,245,582 2,245,573 2,245,559 2,245,581 2,245,657 2,245,683 26,951,245
 16. Scheduling & Ld. Control 84,187 122,774 139,013 135,779 137,156 125,154 105,732 87,362 86,360 83,694 82,648 73,036 1,257,897
 17. Total \$ 2,460,190 \$ 2,498,499 \$ 2,514,155 \$ 2,510,487 \$ 2,511,485 \$ 2,499,518 \$ 2,480,090 \$ 2,486,712 \$ 2,460,695 \$ 2,458,052 \$ 2,457,081 \$ 2,447,496 \$ 29,754,459
 18. Average Cost (\$/KWH) \$ 6.293 \$ 5.029 \$ 4.346 \$ 4.033 \$ 4.284 \$ 4.542 \$ 5.549 \$ 6.842 \$ 6.316 \$ 6.871 \$ 6.718 \$ 7.480 \$ 5.438

CHANGE IN TOTAL COST:

19. REVENUE \$ 625,848 \$ 616,641 \$ 613,142 \$ 613,288 \$ 612,662 \$ 614,853 \$ 618,335 \$ 622,523 \$ 621,791 \$ 622,292 \$ 622,556 \$ 624,308 7,426,241
 20. PERCENT INC. 33.97% 32.77% 32.25% 32.33% 32.27% 32.62% 33.21% 33.94% 33.81% 33.90% 33.94% 34.24% 33.26%

Southwest Transmission Cooperative, Inc.

Analysis of Revenue by Detailed Class

Test Year - Annualized

AVERAGE COST-CLASS A MEMBERS

LINE NO.	2008												2009		TOTAL												
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR															
AVG COST (\$/KW) - PRESENT RATES																											
1.	ABC	\$	4,695	\$	4,998	\$	3,241	\$	2,712	\$	2,974	\$	3,564	\$	5,697	\$	4,754	\$	3,531	\$	4,355	\$	4,227	\$	4,997	\$	3,936
2.	DVEC		5,768		3,300		2,854		3,140		2,947		5,236		4,202		5,586		4,213		4,364		4,513		5,804		4,057
3.	GCEC		4,798		3,594		2,696		2,797		2,991		3,690		3,947		5,693		4,848		5,286		5,386		5,526		3,963
4.	MEC		4,382		3,032		3,125		2,838		3,169		5,333		4,513		5,123		5,123		5,333		5,298		3,858		3,858
	MEC1		0.568		0.00		0.00		0.00		0.00		16,960		3,857		0		0		21,551		6,890		16,023		8,977
5.	SSVEC		4,670		3,415		2,787		2,611		2,806		2,849		3,058		3,938		3,394		4,087		4,022		4,505		3,364
	SSVEC2		-		-		-		-		-		-		-		-		-		1,705		0,937		0,483		5,362
6.	TEC		6,154		5,069		3,954		3,515		3,970		4,161		5,252		6,641		6,208		6,560		6,802		8,276		5,184
7.	CLASS A MEMBER AVG.	\$	4,697	\$	3,788	\$	3,286	\$	3,048	\$	3,239	\$	3,425	\$	4,165	\$	5,108	\$	4,720	\$	5,132	\$	5,016	\$	5,572	\$	4,081

AVG COST (\$/KW) - PROPOSED RATES

8.	AEC	\$	6,403	\$	4,360	\$	3,650	\$	4,008	\$	4,810	\$	7,767	\$	5,913	\$	5,343
9.	DVEC		7,863		4,442		4,231		3,957		7,089		5,730		5,955		5,597
10.	GCEC		6,548		4,853		3,748		4,019		4,862		5,370		7,229		5,379
11.	MEC		5,965		4,097		4,213		3,846		4,266		5,755		7,308		5,240
	MEC2		0.620		0.00		0.00		21,428		5,087		0.000		28,983		11,641
12.	SSVEC		6,392		4,656		3,548		3,809		3,864		4,154		5,542		4,573
	SSVEC2		-		-		-		-		-		-		2,383		7,394
13.	TEC		7,870		4,998		4,455		5,031		5,288		6,706		8,429		6,618
14.	CLASS A MEMBER AVG.	\$	6,293	\$	4,346	\$	4,033	\$	4,284	\$	4,542	\$	5,549	\$	6,871	\$	5,438

Southwest Transmission Cooperative, Inc.

Analysis of Revenue by Detailed Class
Test Year - AnnualizedBILLING UNIT AND TRANSMISSION REVENUE SUMMARY WORKSHEET
POINT TO POINT TRANSMISSION SERVICES - PRESENT RATES

AEP/CO Bundled Sales		2008												2009												TOTAL
		APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
AEP/CO	Firm Pt to Pt - Serv	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	576,000
	Rate p/p	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423
	Firm Pt to Pt - Serv	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$164,304	\$1,971,648
	Loads	0	0	58,945	47,254	54,244	12,666	22,666	17,666	19,965	4,605	0	4,745	0	4,745	0	4,745	0	4,745	0	4,745	0	4,745	0	4,745	242,756
Sulphur Springs Firm Point to Point	Rate P/P	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423
	Total Dollars P/P	\$0	\$0	\$201,769	\$161,750	\$185,677	\$43,356	\$60,471	\$68,340	\$15,763	\$0	\$16,242	\$0	\$16,242	\$0	\$16,242	\$0	\$16,242	\$0	\$16,242	\$0	\$16,242	\$0	\$16,242	\$0	\$330,954
	Loads	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
	Rate p/p	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423	\$3,423
MW&E Safford wheeling	Total Dollars P/P	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$34,230	\$410,760
	Total Revenue	\$ 198,534	\$ 198,534	\$ 400,303	\$ 360,284	\$ 384,211	\$ 241,890	\$ 276,120	\$ 259,005	\$ 266,874	\$ 214,297	\$ 198,534	\$ 214,776	\$ 3,213,362	\$ 198,534	\$ 214,776	\$ 3,213,362	\$ 198,534	\$ 214,776	\$ 3,213,362	\$ 198,534	\$ 214,776	\$ 3,213,362	\$ 198,534	\$ 3,213,362	
	Total Loads	58,000	58,000	116,945	105,254	112,244	70,666	80,666	75,666	77,965	62,605	58,000	62,745	938,756	58,000	62,745	938,756	58,000	62,745	938,756	58,000	62,745	938,756	58,000	938,756	
	Load Control & Disp	\$ 16,762	\$ 16,762	\$ 33,797	\$ 30,418	\$ 32,439	\$ 20,422	\$ 23,312	\$ 21,867	\$ 22,532	\$ 18,133	\$ 16,762	\$ 18,133	\$ 271,300	\$ 16,762	\$ 18,133	\$ 271,300	\$ 16,762	\$ 18,133	\$ 271,300	\$ 16,762	\$ 18,133	\$ 271,300	\$ 16,762	\$ 271,300	
Sulphur Springs Firm Point to Point	Total Revenue	\$ 215,296	\$ 215,296	\$ 434,100	\$ 390,703	\$ 416,650	\$ 262,312	\$ 299,432	\$ 280,872	\$ 289,406	\$ 232,390	\$ 215,296	\$ 232,909	\$ 3,484,662	\$ 215,296	\$ 232,909	\$ 3,484,662	\$ 215,296	\$ 232,909	\$ 3,484,662	\$ 215,296	\$ 232,909	\$ 3,484,662	\$ 215,296	\$ 3,484,662	
	Loads	0	0	58,945	47,254	54,244	12,666	22,666	17,666	19,965	4,605	0	4,745	0	4,745	0	4,745	0	4,745	0	4,745	0	4,745	0	4,745	242,756
	Rate P/P	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	
	Total Dollars P/P	\$0	\$0	\$218,627	\$175,265	\$201,191	\$46,978	\$84,068	\$65,523	\$74,050	\$17,080	\$0	\$17,599	\$0	\$17,599	\$0	\$17,599	\$0	\$17,599	\$0	\$17,599	\$0	\$17,599	\$0	\$17,599	\$900,382
MW&E Safford wheeling	Loads	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
	Rate p/p	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	
	Total Dollars P/P	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$445,080
	Total Revenue	\$ 215,122	\$ 215,122	\$ 433,749	\$ 390,387	\$ 416,313	\$ 262,140	\$ 299,190	\$ 280,645	\$ 289,172	\$ 232,202	\$ 215,122	\$ 232,721	\$ 3,481,846	\$ 215,122	\$ 232,721	\$ 3,481,846	\$ 215,122	\$ 232,721	\$ 3,481,846	\$ 215,122	\$ 232,721	\$ 3,481,846	\$ 215,122	\$ 3,481,846	
AEP/CO	Total Loads	58,000	58,000	116,945	105,254	112,244	70,666	80,666	75,666	77,965	62,605	58,000	62,745	938,756	58,000	62,745	938,756	58,000	62,745	938,756	58,000	62,745	938,756	58,000	938,756	
	Load Control & Disp	\$ 14,210	\$ 14,210	\$ 27,852	\$ 25,787	\$ 27,500	\$ 17,313	\$ 19,763	\$ 18,538	\$ 19,101	\$ 15,338	\$ 14,210	\$ 15,373	\$ 229,995	\$ 14,210	\$ 15,373	\$ 229,995	\$ 14,210	\$ 15,373	\$ 229,995	\$ 14,210	\$ 15,373	\$ 229,995	\$ 14,210	\$ 229,995	
	Total Revenue	\$ 229,332	\$ 229,332	\$ 462,401	\$ 416,174	\$ 443,813	\$ 279,413	\$ 318,953	\$ 299,183	\$ 308,274	\$ 247,540	\$ 229,332	\$ 248,094	\$ 3,711,841	\$ 229,332	\$ 248,094	\$ 3,711,841	\$ 229,332	\$ 248,094	\$ 3,711,841	\$ 229,332	\$ 248,094	\$ 3,711,841	\$ 229,332	\$ 3,711,841	
	Total Dollars P/P	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090	\$23,090

POINT TO POINT TRANSMISSION SERVICES-PROPOSED RATES

POINT-TO-POINT TRANSMISSION SERVICES-PROPOSED RATES																							
		2008						2009						TOTAL									
		APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL									
AEP/CO	Firm Pt to Pt - Agruments KY	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	576,000								
	Rate p/p	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709	\$3,709								
	Firm Pt to Pt - Agruments	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$178,032	\$ 2,136,384								
Sulphur Springs Firm Point to Point	Loads	0	0	58,945	47,254	54,244	12,666	22,666	17,666	19,965	4,605	0	4,745	242,756									
	Rate P/P	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709									
	Total Dollars P/P	\$0	\$0	\$218,627	\$175,265	\$201,191	\$46,978	\$84,068	\$65,523	\$74,050	\$17,080	\$0	\$17,599	\$ 980,382									
MW&E Safford wheeling	Loads	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000									
	Rate p/p	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709									
	Total Dollars P/P	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$37,090	\$445,080									
Total Revenue		\$ 215,122	\$ 215,122	\$ 433,749	\$ 390,387	\$ 416,313	\$ 262,100	\$ 299,190	\$ 280,645	\$ 289,172	\$ 232,202	\$ 215,122	\$ 232,721	\$ 3,481,846									
Total Loads		58,000	58,000	116,945	105,254	112,244	70,666	80,666	75,666	77,965	62,605	58,000	62,745	958,756									
Load Control & Disp		\$ 14,210	\$ 14,210	\$ 28,652	\$ 25,787	\$ 27,500	\$ 17,313	\$ 19,763	\$ 18,538	\$ 19,101	\$ 15,338	\$ 14,210	\$ 15,373	\$ 229,995									
Total Revenue		\$ 229,332	\$ 229,332	\$ 462,401	\$ 416,174	\$ 443,813	\$ 279,413	\$ 318,953	\$ 299,183	\$ 308,274	\$ 247,540	\$ 229,332	\$ 248,094	\$ 3,711,841									

Southwest Transmission Cooperative, Inc.

Analysis of Revenue by Detailed Class

Test Year - Annualized

TOTAL FOR POINT-TO-POINT-TARIFF

POINT-TO-POINT-TARIFF-PRESENT RATES

	2008												2009			TOTAL
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR				
Total Revenue	\$ 198,534	\$ 198,534	\$ 400,303	\$ 360,284	\$ 384,211	\$ 241,890	\$ 276,120	\$ 259,005	\$ 266,874	\$ 214,297	\$ 198,534	\$ 214,776	\$ 3,213,362			
Total Loads	\$ 58,000	\$ 58,000	\$ 116,945	\$ 105,254	\$ 112,244	\$ 70,666	\$ 80,666	\$ 75,666	\$ 77,965	\$ 62,605	\$ 58,000	\$ 62,745	\$ 938,756			
Load Control & Disp	\$ 16,762	\$ 16,762	\$ 33,797	\$ 30,418	\$ 32,439	\$ 20,422	\$ 23,312	\$ 21,867	\$ 22,532	\$ 18,093	\$ 16,762	\$ 18,133	\$ 271,300			
Total Revenue	\$ 215,296	\$ 215,296	\$ 434,100	\$ 390,703	\$ 416,650	\$ 262,312	\$ 299,432	\$ 280,872	\$ 289,406	\$ 232,390	\$ 215,296	\$ 232,909	\$ 3,484,662			

POINT-TO-POINT-TARIFF-PROPOSED RATES

	2008												2009			TOTAL
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR				
Total Revenue	\$ 215,122	\$ 215,122	\$ 433,749	\$ 390,387	\$ 416,313	\$ 262,100	\$ 299,190	\$ 280,645	\$ 289,172	\$ 232,202	\$ 215,122	\$ 232,721	\$ 3,481,846			
Total Loads	\$ 58,000	\$ 58,000	\$ 116,945	\$ 105,254	\$ 112,244	\$ 70,666	\$ 80,666	\$ 75,666	\$ 77,965	\$ 62,605	\$ 58,000	\$ 62,745	\$ 938,756			
Load Control & Disp	\$ 14,210	\$ 14,210	\$ 28,652	\$ 25,787	\$ 27,500	\$ 17,313	\$ 19,763	\$ 18,538	\$ 19,101	\$ 15,338	\$ 14,210	\$ 15,373	\$ 229,995			
Total Revenue	\$ 229,332	\$ 229,332	\$ 462,401	\$ 416,174	\$ 443,813	\$ 279,413	\$ 318,953	\$ 299,183	\$ 308,274	\$ 247,540	\$ 229,332	\$ 248,094	\$ 3,711,841			